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## NEWS SUMMARY

### GENERAL

## Militant group 'broke rules'

LORD UNDERHILL has published his report on the activities of the Labour Party's Militant Tendency, based on documents published by the group between 1973 and 1978.

He thought Militant probably had no more than 2,000 members but estimated it had influence in about 60 constituencies. He challenged the National Executive to dissociate itself from the revolutionary policies Militant supports, but did not demand the tendency's expulsion.

But leader James Callaghan is likely to use his influence to try to rid the party of Militant, on the grounds that it had infringed rules by organising a separate grouping within the party. **Back Page**

### Mortgage rates

Building Societies Association may decide to end the present recommended mortgage rate system, its chairman, Leonard Williams, said. **Back Page**

### Dutch protest

More than 60,000 Dutch trade unionists demonstrated in Amsterdam against proposed wage controls after a day of national strikes. **Page 2**

### Martial law lifted

Lord Soames, British Governor, announced the end of martial law in Rhodesia and a British aid package of £7.5m for post-war reconstruction. **Page 3**

### Saudi missiles

Saudi Arabia was reported to be setting up surface-to-air missiles along its borders with North and South Yemen. **Page 3**

### No race question

There will be no question on race or ethnic origin in the 1981 census questionnaire, Social Services Secretary Patrick Jenkin said.

### Nobel nominee

Raoul Wallenberg, the Swedish diplomat, has been nominated for a Nobel Peace Prize by 20 MPs. He helped thousands of Jews escape Budapest in 1944 and disappeared after being arrested by the Soviets.

### Anti-apartheid aid

Swedish Government is to give SKr 6m (£0.62m) to the United Nations anti-apartheid programme and for southern African refugees.

### Tin mine strike

More than 150 underground workers are on strike at South Crofty tin mine in Cornwall. Radioactivity in the mine could have been the cause of at least 15 cases of cancer, five fatal, the men claim.

### Cold comfort

Bad weather continued with strong north-easterly winds and snow as far south as Sevenoaks, Kent. Outlook is cold and dry.

### Two Wongs

Michael Wong Sun Sung of Durham, who shot two mute swans and two eider ducks on a Northumberland nature reserve, was fined £100 by Berwick magistrates. His brother, who aided and abetted him, was fined £50.

### Briefly...

Bad wine fumes killed four Argentinians who opened a storage tank.  
Radio Caroline, the pirate radio station, sank in the Thames Estuary.  
French philosopher Jean-Paul Sartre, 74, was taken to hospital suffering a pulmonary oedema.

### BUSINESS

## Gold up \$33; equities gain 1.2

**EQUITIES** remained sluggish on continuing Budget uncertainties and the Bank's call for a restrictive monetary policy. The FT 30-share index gained 1.2 to 433.2. Golds rose 20.7 to 315.0.

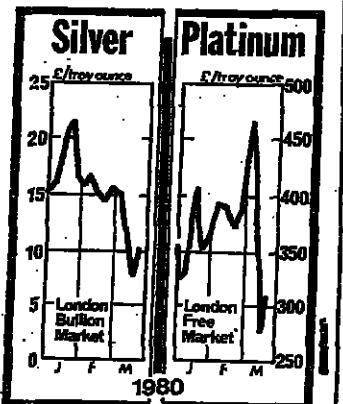
**GILTS** were quiet, with shorts easing up to 1. The Government Securities Index fell 0.06 to 64.34.

**WALL STREET** was 5.63 lower at 795.31 before the close.

**STERLING** gained 50 points to \$2.1850, its trade-weighted index rising to 72.3 (72.2). **DOLLAR** fell to DM 1.8655 (1.8730) in nervous trading. Its index was 88.9 (89.1).

**GOLD** rose \$33 an ounce in London to \$553.

**PLATINUM** rallied, rising £21.90 an ounce to £309.45. Spot silver fell to 980p after rising



by \$5.4p to 1,026.60p a troy ounce at the morning fix. **Page 39**

**U.S. CURRENT ACCOUNT** payments deficit in 1979 narrowed to only \$317m, compared with deficits of \$13.5bn in 1978 and \$14bn in 1977.

**WEST GERMANY** has reached two long-term oil supply deals with Saudi Arabia worth about \$2.57bn a year at current prices, guaranteeing 8.3m tonnes of crude a year. **Back Page**

**GOVERNMENT** is to remove Mr. Michael Casey from the post of chief executive of British Shipbuilders when his contract runs out in May. **Back Page**

**BRITAIN** fell from third to fourth place in the world league of merchants ship tonnage built last year, says a Lloyd's Shipping Register report. **Page 6**

**TRICENTROL**, the UK-based oil and commercial group, plans to expand its North American activities, which could mean switching emphasis from its stake in the Thistle Field. **Page 6, results, Page 26**

**STOCK EXCHANGE** is to extend Talisman, its computer settlement system, to South African securities by setting up a central stock pooling company in Johannesburg. **Page 8**

**STEEL UNIONS** meet British Steel officials today in what could be the last attempt to negotiate a settlement after formally rejecting its latest offer. **Back Page**

**CIVIL SERVICE UNION** may seek High Court action next week to prevent the Defence Ministry from making staff redundant or offering their work to private contractors. **Page 9**

**BARCLAYS BANK** reports taxable profits up by 42 per cent to £539.4m in 1979. Total dividend is raised by 36.6 per cent. **Page 24 and Lex, Back Page**

**STONE-PLATT** Industries, the textile machinery and engineering group, reports a taxable loss of £2.94m for 1979, compared with profits of £9.51m a year ago. **Page 24 and Lex, Back Page**

## Banking changes urged for money supply controls

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

**MAJOR CHANGES** in the operation of the banking system were proposed yesterday by the Treasury and the Bank of England in a joint consultative paper. The aim is to remove distortions and to improve short-term control over the growth of the money supply.

The proposals are in two parts. The first consists of specific suggestions for ensuring that the present system works better, including the end of the so-called 'corset' controls on the growth of the banks' operations. These ideas are likely to be implemented over the next year.

Secondly, and separately, the paper discusses more radical, long-term suggestions for changing the system. They include forms of monetary base control, in which the Bank attempts to control bank deposits, and indicator systems, under which interest rates are changed automatically in response to changes in the money supply.

Mr. Nigel Lawson, the Financial Secretary to the Treasury, said yesterday the Government was sceptical about both the monetary base and indicator systems, but it was less sceptical about the latter, where the practical problems were fewer.

**Details Page 12 • Editorial comment Page 22 • Controls on clearers to be extended and Lex, Back Page**

"Both systems would tend to lead to greater volatility in interest rates, but there is no reason to believe that they would, on average, result in a higher level of interest rates," he said.

The monetary base method—strongly urged by a number of City economists and stockbrokers who have close contacts with senior Ministers—is regarded as both difficult to define and impracticable. There is greater official sympathy for a more automatic adjustment of interest rates, though it is admitted that the Government would sometimes have to override this.

The Treasury and the Bank invite comments from affected parties, and the consultation period will last about six months. There has been fierce controversy in the City about rival suggestions for structural reform of the monetary system.

The more immediate proposals can go ahead without prejudicing these longer-term issues. But in this case consultation will be much more about detail than principle.

Mr. Lawson said it had been specifically decided to exclude from immediate discussion the important but separate issue of

methods of funding and selling gilt-edged stock.

The starting point of the paper is a reaffirmation of the central role of monetary policy in bringing down the inflation rate, with the main instruments being fiscal policy—notably the commitment to reduce "over time" public sector borrowing as a proportion of national output—and interest rates.

These objectives will continue to be expressed in terms of a target relating to one measure of the money supply, which will remain sterling M3, the broad definition. But other measures will be taken into account.

Permanent quantitative controls are rejected because they tend to divert monetary flows without affecting underlying monetary conditions.

Consequently, the Government has decided that the supplementary special deposits scheme (the corset) has "come virtually to the end of its useful life and should be phased out as soon as it conveniently can be."

**Continued on Back Page**

## U.S. Steel to sue over 'dumping' by Europeans

BY DAVID LASCELLES IN NEW YORK

**U.S. STEEL**, America's largest steel company, will today file anti-dumping suits against major European producers of steel, carrying out its long-standing threat to take action against what it regards as unfair competition.

The move brings to a head a dispute which has pitted the steel industry in the U.S. not only against the European and Japanese, but against its own Government, too.

At its Pittsburgh headquarters, U.S. Steel said it will file complaints with the Commerce Department and the International Trade Commission against "unfair trade practices of steel producers in seven European Community nations" which it specified as the UK, France, Belgium, Luxembourg, Italy, the Netherlands and West Germany.

The company will claim it suffered "material injury" because of imports from these countries in the past five years which were sold "at less than fair value in the U.S." The

products in question are listed as structural shapes, plates, hot rolled sheets, cold rolled sheets, and galvanized sheets.

Mr. David Roderick, U.S. Steel's chairman, said the company was also investigating steel producers in Japan and "other selected countries" with a view to filing anti-dumping complaints against them too.

U.S. Steel's move follows weeks of heated debate in the U.S. about how to handle the problem of steel imports. Viscount Etienne Davignon, the EEC Industry Commissioner, was also in Washington a week ago for talks with the administration.

However, U.S. Steel's statement yesterday was clearly prompted by President Jimmy Carter's decision on Wednesday not to alter the so-called "trigger price" used to keep out cheap steel imports. Mr. Carter said he would hold the trigger price (the level below which levies would be paid) at \$308 (£163) a ton for the second quarter, rebuffing the steel in-

dustry's demands for an increase.

The company had made it clear to the Government that it would file an anti-dumping suit if the price was not raised. Mr. Roderick said yesterday that Mr. Carter's decision underscored the inadequacy of the trigger price mechanism.

The Government had earlier said it would abolish the mechanism altogether if anti-dumping suits were filed, because the steel industry could not expect to enjoy both forms of protection.

There was no immediate indication yesterday whether the Department of Commerce would carry out this threat in the wake of the company's action. Although it has taken a strong stand on the issue, it would also have to take into account the possible grave consequences of abolition.

Armo, for example, one of the country's largest steel-makers, said yesterday that while it had no plans to file anti-dumping suits

## Rate of monetary growth slackens

BY PETER RIDDELL

**THE RATE** of monetary growth is slowing down, but only slowly. Bank lending to the private sector is still rising steadily.

The mid-February figures, published yesterday by the Bank of England, show that sterling M3, the broadly-defined money supply, rose by 0.9 per cent last month. This takes the increase since last June at an annual rate to just over 12 per cent, compared with between 13 and 14 per cent last autumn.

However, this is still above the upper end of the 7 to 11 per cent official target rate of increase. Moreover, a further two points should be added to the actual increase to take account of commercial bills held outside the banking system. These are a form of lending which are outside the statistics.

In the Commons yesterday, Sir Geoffrey Howe, the Chancellor, said that sterling M3 had grown at an annual rate of 10 per cent over the past four months which represented a "very considerable slowdown on the rate inherited by the Government."

He said there were "encouraging signs" of progress towards the Government's economic objectives. He added that Government borrowing "has been, and is being, reduced" as a result of its measures. All this will no doubt be at the heart of next Wednesday's Budget speech.

While Ministers clearly believe that monetary growth has passed its peak, the slowdown has not yet been sufficient to justify an early cut in Minimum Lending Rate. The rate of monetary expansion will have to be well within the target range and bank lending to be less buoyant than at present before MLR is likely to be cut and many City analysts do not think this will happen for at least a couple of months.

Bank lending remains the major expansionary influence, rising by £584m last month and the increase would have been some £200m higher if allowance were made for the large seasonal seasonal surrenders of certificates of tax deposit in order to pay corporation tax.

This compares with an average monthly rise in lending of £730m in the past three months. The continued demand for bank credit reflects the intense financial squeeze on industry and its excessively high level of stocks.

The public sector was a broadly contractionary factor as there was a small central government surplus.

**Continued on Back Page Table, Page 8**

## Mrs. Thatcher sets out EEC demands

BY RICHARD EVANS, LOBBY EDITOR

**MRS. MARGARET THATCHER** yesterday named three key negotiating points for Britain at the forthcoming EEC summit in Brussels.

Pressed by Mr. James Callaghan, Opposition leader, in the Commons yesterday to declare her tactics, she confirmed that the Government would:

1—In the last resort have to consider withholding value-added tax contributions to the European Community, if there was not an equitable solution to the budget problem;

2—Stick to its demands for a form of words passed by the Commons unanimously both last July and in November declaring that Britain's contribution should be "at least not greater than the receipts";

3—Reject any suggestion that Britain would be prepared to link the budget issue with other matters which needed to be negotiated, such as fish, energy and lamb. These could be discussed at Brussels but purely on their merits.

The harshness of her line within a fortnight of the Brussels summit clearly alarmed some of her colleagues, who have been urging a more flexible approach and an absence of what they regard as counter-productive threats of retaliatory action by the UK in the event of stalemate.

Britain's negotiating tactics were discussed by the Cabinet at a 90-minute meeting at Downing Street yesterday, when Ministers agreed to give Mrs. Thatcher and Lord Carrington, Foreign Secretary, a free hand to negotiate at Brussels on March 31 and April 1.

In her comments to the Commons, the Prime Minister accepted the need for a compromise following failure to persuade Britain's Common Market partners at Dublin, but she stressed: "I have not very much room for manoeuvre."

Mrs. Thatcher's difficulty is that she has set targets that could be difficult to fulfil, given the declared attitudes of other EEC governments towards Britain's demands.

There is a growing surge of support on the Tory benches, as well as from the Opposition, for a tough stand to be taken, and Mrs. Thatcher could be in political difficulties should she return from Brussels with an unacceptable package or without a firm promise of early action to meet Britain's case.

Over 130 Conservative backbenchers from all sections of the party have now signed a Commons motion backing the Government should it as a last resort find it necessary to withhold part of the UK's contribution, in order to achieve a satisfactory settlement."

To this pressure was added last night an Opposition attempt to push the Government into a more aggressive stance.

Mr. James Callaghan and his Shadow Cabinet colleagues tabled an amendment to a Government motion on the Community budget to be debated on Monday night, which would in effect restore the pre-Dublin target of broad balance in Britain's budget contributions and receipts.

The amendment repeats a form of words passed by the Commons unanimously both last July and in November declaring that Britain's contribution should be "at least not greater than the receipts."

By contrast, the Government motion gives support to the Prime Minister in her efforts to bring about "a substantial, immediate and lasting reduction in the UK's net contribution to the Community budget." Lord Carrington, the Foreign Secretary, denied last night there was any argument over tactics between the Prime Minister and the Foreign Office. In an interview on Thames Television's TV Eye programme Lord Carrington declared: "I simply do not accept that there is any difference between the Prime Minister and myself about it."

But the Foreign Secretary did appear to question the wisdom of issuing warnings about retaliatory action.

I think it's a great mistake to say if something doesn't happen I'm going to do A, B, C, D, E, F. Of course you have got to consider them but what we have got to do is to get a solution because it really is important."

John Wyles writes: The Government was apparently concluded that a "softly softly" approach is ruled out by rising domestic political pressures, and that hints of reprisals and retaliation may yet pull off a negotiating victory in Brussels. The UK apparently understands that its threats are causing irritation among EEC partners, but Whitehall has concluded that forcing them to concentrate on the costs of failure may yet succeed where diplomatic persuasion is failing.

**Parliament, Page 11**

**E in New York**

	Mar. 19	Previous
Spot (62.1955-1955)	62.1955-1955	62.1955-1955
1 mth 0.11-0.07 dis	0.11-0.07	0.11-0.07
3 mths 0.35-0.40 prem	0.35-0.40	0.35-0.40
12 mths 0.10-0.20 prem	0.10-0.20	0.10-0.20

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		FALLS	
Treas. Variable 35	5934 + 2	Tricentrol	290 + 8
Associated Fisheries	63 + 3	Castlefield (Klang)	509 + 27
Avanz	113 + 3	Inch Kenneth Kelang	233 + 12
Bowring (C.T.)	132 + 5	Cons. Gold Fields	490 + 17
Channel Tunnel	190 + 20	Coazine Riotinto	258 + 18
City & Int. Trust	126 + 6	De Beers Deft.	442 + 25
Decca A	510 + 10	Doornfontein	614 + 84
Dixor Strand	21 + 4	Gold Mines of	
Hepworth Ceramic	1044 + 7	Kalpoorkie	208 + 23
Howden (A.)	110 + 5	Poseidon	113 + 20
ICI	370 + 8	Rustenburg Platinum	228 + 13
Mahindra-Dewan	64 + 43	Samartha	86 + 10
Meyer (Mont. L.)	116 + 11	Southern Pacific Pet.	737 + 57
Murhead	202 + 10	Southern	878 + 102
S. African Breweries	126 + 6	Vaal Reef	238 + 2
UDT	55 + 3	Venterspost	569 + 74
Unitich	275 + 7		
Wolsey Hughes	592 + 24		
Carless Capel	90 + 7		
LASKO	452 + 17		
National Carbonding	126 + 12		

## Sweden plans \$500m Eurobond

BY FRANCIS GHILES

**SWEDEN** intends to raise \$500m (£227m) in the form of a fixed interest rate dollar Eurobond. Final go-ahead for this bond is expected next Monday, once the referendum on the future of nuclear power in Sweden is out of the way.

This bond will be closely watched by Eurobond houses in London and Continental financial centres as it marks the effective reopening of the fixed rate dollar Eurobond market after its virtual closure last summer. The weakness of the U.S. dollar and more recently the relentless rise in U.S. interest rates have forced

most borrowers wishing to issue dollar bonds into arranging floating rate note issues.

The \$500m bond for Sweden, which is being arranged by Salomon Brothers and S. G. Warburg, includes two unusual features. It invokes a "tap" element—an initial tranche of \$125m 3½ years notes will be issued, and the remainder will follow before the year is out, at the borrowers option.

Contrary to usual Eurobond market practice, no coupon or price for the bond will be indicated by the lead managers. Instead the issue will be

offered on the basis of a guaranteed yield. This is expected to be around 15 per cent, marking a new high for an issuer of this quality.

Sweden has been an active raiser of funds in the Eurobond markets of late. It is currently arranging a \$20m issue through Hambros and a DM 200m issue through Deutsche Bank. Last year Sweden virtually doubled the volume of international bonds it offered in the international capital markets to \$1.8bn.

**Eurobonds, Page 28 Nuclear referendum, Page 23**

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## EUROPEAN NEWS

## CONSULTATIONS WITH ITALIAN POLITICIANS BEGIN

## Pertini looks for a swift settlement

BY PAUL BETTS IN ROME

ITALY'S President, Sig. Sandro Pertini, began consultations with the main political parties yesterday in an effort to find a rapid solution to the country's government crisis.

Sig. Francesco Cossiga's minority administration which collapsed on Wednesday after a parliamentary debate in which the Socialist and Republican parties withdrew their support.

The Government's fall has coincided with a particularly savage outbreak of political violence in which three leading magistrates have been murdered in the past four days by Left-wing extremists.

Before starting his consultations, President Pertini yesterday held emergency talks at the Presidential Palace with the outgoing Premier, the Interior Minister, and police and security chiefs to discuss new measures to combat terrorism.

Italy is also facing growing economic difficulties with a deterioration in its terms of trade and with the lira again coming under pressure. This, coupled with fears about the possible repercussions of a prolonged Government crisis on the country's international commitments, including the presidency of the European Council, has prompted the Italian President to speed up the process of finding a new Government.

Regional elections are due to be held in late spring, putting further pressure on Sig. Pertini. The polls are already being regarded as a second round of the inconclusive general election last June, which led, after two months of painstaking negotiations, to the formation of Sig. Cossiga's



Sig. Cossiga speaks in the parliamentary debate which led to his downfall.

minority Government. This was to have acted as a temporary compromise to give the country a period of political truce.

This truce has now ended, however, without any broad political agreement on a more stable and lasting governing formula. In fact, the political deadlock in Italy looks worse than ever.

The trouble stems essentially from the breakdown in the

dialogue between the long-ruling Christian Democrats and the Communists, which together account for 78 per cent of the national vote.

Although leaders of both parties generally agree that Italy is virtually ungovernable without a constructive dialogue between them, the Christian Democrats have continued to reject Communist participation in Government and the Communists have emphasised that they will remain in opposition unless they are given Cabinet posts.

The Christian Democrats, with 35 per cent of the popular vote, can only hope in these circumstances to secure a parliamentary majority with the support of the Socialists, who hold the balance of power in Parliament with 9 per cent of the electorate behind them.

The Socialists, however, are now deeply split, with the right of the party favouring a deal with the Christian Democrats excluding the Communists and the left pressing for the formation of a government of national unity to tackle the country's dire problems. Such a Government would include the Communists.

It was the split in the party which precipitated the latest crisis because Sig. Bettino Craxi, the Socialist leader, could no longer guarantee the full, if indirect, support of his party to Sig. Cossiga.

These divisions among the Socialists are likely to make any early solution to the present crisis extremely difficult.

In any event, Sig. Cossiga is likely to be asked by President Pertini early next week to

attempt to form a new government. The outgoing Premier, during the parliamentary debate immediately before his resignation, said it was now necessary to find an acceptable political compromise to enable the country to tackle its growing difficulties. This was generally seen as a bid to increase his chances of forming a new administration.

Sig. Enrico Berlinguer, the Communist leader, said his party would adopt a constructive stand towards any new government as long as there was broad agreement on the new administration's economic and social programme.

These are all signs that the main political parties are concerned to avoid hardening the current deadlock. The risk is that a new general election would once again have to be held prematurely, and could well result in another compromise government to hold the ring until the political parties find a more lasting solution. Another fragile minority Christian Democrat administration could well be the outcome.

Although this is one of the most difficult crises Italy has faced in the past 35 years, it is unlikely at this stage at least to cause serious internal repercussions. Indeed, Italians appear to have learnt to live with the fact that without governments during the past decade.

One prominent politician commented yesterday that "after all, Italian governments tend to fall in the spring to enable the new one to bloom in the summer". But political formulas are now fast running out in Italy.

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The Hamburg meeting is also due to discuss other important issues in which the chairman would have been expected to play a significant role. These include the admission of the Palestine Liberation Organisation to observer status at the IMF and World Bank, and the whole question of the People's

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## USSR denies anthrax epidemic

By David Satter in Moscow

THE SOVIET UNION hinted yesterday that there was an epidemic in Sverdlovsk last spring but that the cause was not anthrax, a bacterial disease whose toxin is an agent in germ warfare, but foot and mouth disease, which is still common in agricultural areas.

The Soviet news agency Tass dismissed Western reports of a leak in a germ warfare plant as "ravings", but said that epidemics of "cholera, plague, typhus or foot and mouth disease" arise from "time to time in various parts of the world."

The unusual inclusion by Tass of foot and mouth disease in a list of diseases which affect humans may have been prompted by the fact that like anthrax, it is transmitted by animals. Unlike anthrax, however, it cannot be used as a bacteriological weapon.

Tass said that if an "incident" was created every time an epidemic broke out somewhere in the world it would be possible to collect evidence of NATO preparations for "bacteriological warfare." "The point is how one looks at happenings," the agency said.

Tass did not state directly that the epidemic which reportedly took place in Sverdlovsk with the loss of many lives was the result of foot and mouth disease and did not say that an epidemic ever took place there. But the Soviet Union appeared to be preparing an official explanation in the face of mounting evidence of an outbreak of some kind.

"Anyone who knows anything about medicine knows that from time to time in various regions of our planet there occur outbreaks or epidemics of various diseases," the news agency said.

Tass made no reference to the articles last year in *Vecherny Sverdlovsk*, the Sverdlovsk evening newspaper, warning residents how to protect themselves against anthrax. A staff member at *Vecherny Sverdlovsk* said this week that he could not remember why the articles were published.

Past Soviet Press practice suggests they could only have been published to head off mass panic.

## Austria puts up discount rate 1.5%

By Paul Lendvai in Vienna

FACED WITH a growing drain on reserves, the Austrian central bank announced yesterday that the discount rate will be raised today by 1 percentage point to 6 1/2 per cent, the highest level in the past 25 years. This is the second major increase in two months.

Lombard rate is being raised by a similar amount to 7 1/2 per cent. The new rates reflect the growing concern of the Government and the monetary authorities about the drain on reserves. Austria's current account deficit is running at an annual rate of Sch22bn, Sch30bn, which means that it could be 50 per cent higher than last year's Sch18.8bn.

Dr. Hans Androsch, the Finance Minister, said yesterday that the higher discount rate was necessary to defend the exchange rate of the schilling.

Observers here believe other measures may be necessary in the fields of budget and incomes policy to maintain Austria's record of combining steady growth with a relatively low rate of inflation. Above all, budgetary restrictions are regarded as unavoidable.

It is also stressed that there is no scope for the 1-2 per cent increase in real wages advocated by Herr Anton Benya, the union leader.

## Bonn seeks Argentinian guarantees on N-plant

BY ROGER BOYES IN BONN

THE WEST GERMAN Government is pressing Argentina for fresh guarantees on nuclear technology safeguards and appears to be holding up approval for the delivery of a reactor to Argentina.

Kraftwerk Union (KWU), a subsidiary of Siemens, was last year awarded a hotly-contested contract to build a nuclear power station for Argentina, which plans to spend an estimated \$100m (£46m) on its ambitious nuclear power programme over the next 20 years. Sulzer Brothers of Winterthur in Switzerland is to install the heavy water plant in the region.

But the West German Government has yet to grant an export licence to KWU and is still discussing the nature of the safeguards required. Herr Guenther van Well, State

Secretary in the Foreign Ministry, has travelled to Argentina where he is expected to discuss the matter with senior officials.

The controversial deal, clinched shortly after a visit to Argentina by Count Otto Lambsdorff, the Economics Minister, has come under fire from both the U.S. and Canada. The U.S. has expressed concern that Argentina, which has bilateral nuclear agreements with several other Latin American countries, could be contributing significantly to nuclear proliferation in the region.

Canada, which unsuccessfully competed for the contract, was unhappy because it felt that the Germans had breached an understanding that they would both insist on strict safeguards. The Canadians felt that the

Germans were sidestepping the safeguards issue by inviting Sulzer to take care of the heavy water plant, the most delicate part of the deal.

The West German Cabinet discussed the question of Argentine safeguards on Wednesday and agreed to continue talks with the Buenos Aires Government. Government officials are careful to separate the safeguards issue from the granting of the export licence but it is clear that the two matters have now become closely interwoven.

The Argentinians have declared that they are willing to satisfy the safeguard requirements established by the International Atomic Energy Organisation but are adamant that they will not accept additional requirements.

## Dutch unions in national protest over wage limitation proposal

BY OUR AMSTERDAM CORRESPONDENT

A NATIONAL day of protest called by the Netherlands largest trade union federation yesterday brought strikes in industry, the ports and the building sector and halted trains, trams and buses through much of the country.

The 1.1m-member FNV federation claimed 100,000 people took part in a mass demonstration in the centre of Amsterdam to protest against the Government's plan to control wages.

The FNV said 150,000 of its members went on strike for the whole day while up to 150,000 more took part in short work stoppages or were unable to work because of strike action. It claimed the demonstration in Amsterdam, attended by union members brought by special buses from throughout the country, was the largest held in the Netherlands. The police, however, put the number

of marchers at only 45,000. The employers' estimates of the impact of the strike were also more modest with the Dutch Employers' Association claiming only 30,000 people or 1 per cent of the working population in the private sector had downed tools.

The union action was aimed at bringing pressure on Parliament which today debates the Government plan to control wages this year. Wage rises will be limited to a gross £1 26 (£12.60) a month while companies may only increase their total wage bill by 0.75 per cent. Tax concessions will give the lowest-paid workers an extra £1 100. It is generally believed that MPs will approve the measures.

The Dutch railways were affected for the first time in their history, but the strike was considerably less effective than the unions hoped and local and

inter-city trains were generally running without excessive delays.

Provincial bus services in many parts of the country did not run while trams and buses in the big cities remained in the depot. The port of Amsterdam was largely shut down, though Rotterdam was less seriously affected.

Some employers attempted to gain court injunctions ordering the strikers back to work but these were unsuccessful. However, the steel producer, said it would seek damages for lost production.

The FNV will now discuss further action with its affiliated unions and this is likely to take the form of exploiting loopholes in the Government's wage legislation. The unions are particularly unhappy at the suspension of the automatic indexation of wages to prices this year.

## Labour leader takes the stage

BY CHARLES BATCHELOR IN AMSTERDAM

THE GROWING unrest in the normally peaceful Dutch labour scene has thrust to the fore, Mr. Wim Kok, leader of the country's largest union.

The tall, slim, youthful figure of Mr. Kok has come to symbolise the Netherlands' progressive labour unions and the climate of reasonable compromise on which much of the country's post-war prosperity has been built. A frequent speaker at international business seminars, fluent in several languages, he has come to represent the modern European union leader, keen for consensus rather than confrontation.

Yet, in a matter of months, within the Netherlands at least, Mr. Kok's tone has become strident, his warnings to the government more stern, and demonstrations more frequent.

At the start of his career, Mr. Kok seemed bound for a career in management. After graduating from the Netherlands' foremost business school at Nijmegen just outside Amsterdam, he went to work for an international trading company.

Dissatisfied with this job, he moved to the Socialist trade union federation, the NVV, where he worked in its international division, handling negotiations with unions in neighbouring countries. By the time the Socialist union lined up with the Catholic NKV in 1976, Mr. Kok had become chairman. After the link, which is expected to become a full merger in 1981, he became chairman of the newly created FNV, which has a growing political role.

With 1.1m members, the FNV is now the largest Dutch union



Mr. Kok: more strident tone

What has forced the unions into taking a tougher stance, has been the worsening economic position which now threatens to erode established practices, such as the right to automatic indexation of wages to prices.

The union leadership, under Mr. Kok, has been compelled to take an aggressive stance for fear of being outmanoeuvred by individual union activists. From the far left, the outbreak of a series of strikes in Rotterdam last autumn reflected the frustrations of many members with the union's moderate policies.

Mr. Kok's current hard line has to be largely explained by forced upon him. There is no doubt, though, that government wage controls have, in his eyes, suspended the unions' fundamental right to take part as a full partner in a discussion of economic and social objectives.

Will the attention focused on Mr. Kok by the labour troubles of the past few months establish his reputation as the Dutch counterpart of leading British union figures such as Jack Jones or Arthur Scargill? This seems unlikely. The position held by the unions in the Dutch social framework ultimately reserves greater rewards for men of compromise rather than confrontation.

## Terrorists murder Turkish officer

BY METIN MUNIR IN ANKARA

TERRORISTS have murdered a Turkish lieutenant in the city of Diyarbakir, which has a predominantly Kurdish population.

Lieut. Omer Koc was the first officer to be killed by terrorists since the declaration of martial law in December, 1978. He was attached to the investigation department of the martial law headquarters in Diyarbakir, one of 20 provinces under military rule.

The killing which took place on Wednesday night outside the city officers' club, was reported by the authorities yesterday. The murderers fled and have not been identified.

In the past two months terrorists appear to have turned their guns on soldiers and policemen. The authorities say that the terrorists' aim is to demonstrate the vulnerability of the security forces and their own strength.

Meanwhile the Turkish lira was revalued yesterday for the second time this month. Thirteen major currencies, including the pound, lost value against the

lira by between 1.2 and 5.5 per cent.

The strengthening of the lira is a consequence of the recovery of the dollar to which the Turkish currency is pegged. The dollar's recovery confronted the Turkish Central Bank with two choices, neither of which it relishes, a senior official said. The first was to devalue against the dollar. The second was to allow the lira to gain value with the dollar.

The bank did not choose the first alternative because it would create an expectation of further devaluation with negative impact on both exports and invisibles.

A strike by Turkish metalworkers spread yesterday to 53 sites involving 15,000 workers. The metalworkers' union, one of the biggest in Turkey and a member of the radical trade union confederation is expected to spread the strike to the whole of the metal industry this month. The union, with 35,000 members, has rejected a 100 per cent wage increase

## Phillips cuts Ekofisk estimates

By Our Foreign Staff

PHILLIPS PETROLEUM of Norway has lowered its estimates of both peak oil production rates and oil and gas reserves at its greater Ekofisk area fields in the Norwegian sector of the North Sea.

Following recent development drilling and field performance studies, peak oil production has been downgraded to 500,000-330,000 barrels of oil a day (b/d) to be achieved in 1980 and 1981. Estimates in June last year put the expected peak production rate at 575,000-625,000 b/d in the early 1980s.

Estimates of reserves for the Ekofisk area, including oil and gas already produced, also have been lowered. They are now put at 3.2bn barrels of oil and oil equivalent, down from an estimate of 3.7bn barrels last June.

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## Malta pact with Libya disclosed

By Godfrey Grima in Valetta

COMPLETION BY Malta of a "temporary" defence agreement with Libya has been disclosed to Parliament in Valetta by Mr. Dom Mintoff, the Prime Minister. He said the pact would be extended and strengthened when the time was right.

Mr. Mintoff's disclosure came when he was replying to an opposition MP who asked why helicopters given to Malta by Libya were still flying with Libyan markings.



## OPEC plan for production cuts to maintain prices

By Richard Johns, Middle East Editor

THE ORGANISATION of Petroleum Exporting Countries has agreed in principle on a system whereby price levels would be maintained by production cuts during periods of temporary glut on the market. This emerges from the text of a report by the OPEC committee on long-term strategy which was completed in London last month. The recommendations contained in it are the nearest that the oil producers have come to adopting a production programme since an abortive experiment in the mid-1960s.

In the past Saudi Arabia has always opposed the principle of a production programme. It now appears to accept the idea that some kind of co-ordinated measures should be taken to support prices at a basic minimum level decided upon by members.

Proposals made by the committee over which Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, presided will not be implemented before next year. As reported previously they include regular price increases to take account of inflation, exchange rate fluctuations, and—to raise them in real terms—the growth rates

of industrialised countries. The strategy committee's report is to be submitted to an extraordinary OPEC conference involving Finance and Foreign Ministers, as well as chief delegates, provisionally scheduled to be held in Taif, Saudi Arabia, on May 5. Subsequently they are expected to be ratified by an OPEC summit to be held in Baghdad next October, marking the 20th anniversary of the oil producers' association.

The report recognises that an increasing imbalance between supplies and demands will ensure a steady rise in prices in the future, but foresees periods of surplus when there will be downward pressure on prices. At such times it recommends that members respond by delaying production.

No system of apportioning cuts has been evolved. However, the committee believes that countries suffering from any shortfall should be assisted through a special arrangement of funds to provide compensatory financing.

It is suggested that this may take the form of oil-indexed bonds allowing the countries in financial need to get the revenue and defer production.

At the same time OPEC says that production should also be adjusted at times of shortage to prevent prices going too high—with the risk of a consequent fall.

The basic strategy set out in the report is that prices should never fall below a basic floor and that in the long-term they should be administered to rise gradually to approximate to the cost of alternative sources of energy. No precise time-frame for attaining the objective is given.

The best method towards fulfilling the aim is to relate increases in real terms to the growth in gross national product of members of the Organisation for Economic Co-operation and Development because the rate indicates their ability to absorb price increases and the tendency towards greater consumption.

It is proposed that the inflation index should take account of services as well as merchandise imports and also the domestic rates of inflation in OPEC member countries. The exchange rate adjustments would be made on the basis of the 11 currencies included in the basket used in 1973 for a short period plus the dollar.

## Begin will resist U.S. pressure on settlements

By David Lenson in Tel Aviv

ISRAEL'S Prime Minister, Mr. Menachem Begin, will resist U.S. pressure to amend his policy on Palestinian autonomy and to stop building Jewish settlements on the West Bank, when he meets President Carter in Washington next month.

Israeli officials, who were a bit surprised by the President's invitation, accept that Mr. Carter will apply pressure to Mr. Begin for greater flexibility on Palestinian autonomy in an effort to break the stalemate in the negotiations which are due to be concluded by May 26.

But the Israeli leader has already made it clear that he intends to stand firm despite the fact that the U.S. view of Palestinian autonomy is closer to the Egyptian position than to the Israeli interpretation.

Mr. Begin will tell President Carter that by accepting the Egyptian model for autonomy, which would include a legislative council for the West Bank and Gaza Strip, Israel would be acquiescing in the creation of a Palestinian state, which Mr. Begin rejects totally.

Israeli officials believe that Mr. Carter will be limited in the amount of pressure he can apply to the Israeli leader during an American election campaign in which the President would like to win as many Jewish votes as possible.

Meanwhile the Israeli settlement programme is continuing despite criticism. Only yesterday it was revealed that Israel had fenced off another 100 acres beside Bethlehem for the building of the new Efrat settlement. Earlier Israel seized 500 acres of Arab land for Efrat.

Mossad Hifazi in Beirut reports: Syria has informed the Palestine Liberation Organisation that Syrian forces have completed preparations to withstand any reprisals which Israel may launch in retaliation for guerrilla attacks, according to Palestinians in the Lebanese capital.

They were unable to confirm reports from Damascus that President Hafez al-Assad had offered to allow the guerrillas to mount cross-border operations against Israel from the Golan Heights front.

But they pointed out that the fact Damascus had let the news about the reported offer surface now could mean that the Syrian Government was thinking seriously about opening up its front to Palestinian guerrillas.

## Tanzania pleads for food aid

By Mark Webster



President Nyerere: new approach to IMF

ONE YEAR after a costly war with Uganda, Tanzania is facing its most serious economic crisis since independence. Caught between declining export receipts and soaring oil prices, the Dar es Salaam Government is desperately trying to close its yawning balance of payments gap. Now bad rains have forced President Julius Nyerere to make an urgent appeal for food aid to avoid a famine later this year.

As a measure of how badly the country needs help, President Nyerere is thought to be considering reopening negotiations with the International Monetary Fund. Talks were broken off four months ago when the President accused the fund of trying to force him to abandon his Socialist policies. Talks have not yet started again but Tanzania is said to have altered its ground a little to clear the way for more discussions.

The IMF proposed a painful prescription for immense problems. Tanzania will have a projected balance of payments

deficit of \$202m for 1979/80 following a deficit for 1978/79 of \$110m. Foreign exchange reserves have been virtually wiped out since the war which cost the country \$238m of which \$178.5m was in hard currency. Inflation has been running at 25 to 30 per cent although official figures put it much lower.

The IMF demanded a devaluation, a cut in Government spending of \$28.5m over three years and measures to encourage dwindling agricultural exports. Government spending has been growing at twice the rate of gross national product. Production of all the major export crops—coffee, cotton, sisal, pyrethrum and cashew nuts—have declined because of supply and delivery bottlenecks and poor rains. At the same time, oil now swallows nearly half the country's export income.

But the President has fought cuts in public sector spending saying they are bound to hit the poor hardest of all. He says that already imports have been ruthlessly slashed and many

factories are on short time or have closed because of raw materials shortages. The consumer also suffers from shortages. Flour, rice, sugar and cooking oil are virtually unobtainable except on the black market. The World Bank has offered some light in Tanzania's economic darkness. The bank,

which is already the country's biggest aid donor, has offered an unusual facility called a structural readjustment loan. The deal should be signed in September and unlike previous World Bank schemes it will not be tied to particular projects. Instead, Tanzania will receive \$50m a year for the next five years in long-term interest-free loans in addition to the \$65m a year it already gets for projects from the bank.

Other donors have been less generous. Tanzania already receives around \$600m a year in foreign aid making it one of the highest per capita aid recipients in Africa. But an appeal for more aid by President Nyerere in mid-1979, when Tanzania was reeling from the war to oust Idi Amin from Uganda, had brought virtually no response.

One reason for hesitation by aid donors is that Tanzanian troops are still based inside Uganda and open support might attract the ire of other African countries which condemned Tanzania's actions.

## Ayatollah denounces poll critics

By Simon Henderson in Tehran

AYATOLLAH KHOMAYNI virtually ruled out any re-run of Iran's disputed parliamentary elections yesterday when he announced that they had been held peacefully and "in a good manner."

In a message to mark the beginning of the Persian new year the Iranian leader said complaints about the elections would be investigated but making a fuss about them was against Islam.

The remarks will have a damaging impact on the political interests of President Abol Hassan Bani-Sadr who has declared that where rigging is proved, new elections will be ordered.

Intentionally or otherwise, the Ayatollah's comments will help the Islamic Republican Party which is opposed to the President. The party won most seats in the first round of elections a week ago and has been accused of the most malpractice. The IRP, which is dominated by hard-line clergy, is insisting on the return of the Shah

before the 50 U.S. hostages in the Tehran embassy are released. Mr. Bani-Sadr has tried to separate the issues.

Political life has come to a halt for the five-day new year holiday and no more election results are expected before next week. About 180 of 270 constituencies have been declared so far, but in only about 75 have the winning candidates received the necessary 50 per cent majority. A second round is due early next month.

They will be the first elections held in Uganda since the presidency of Dr. Milton Obote, who was ousted by Idi Amin in 1971.

The only authorised party in Uganda at present is the Uganda National Liberation Front, but Dr. Obote, who is in Tanzania, has said he will return to fight elections when they are called.

A powerful group in Uganda supports Obote. But the influential leaders of the Baganda tribe are historically opposed to Obote and will undoubtedly form their own party either round Professor Yusufu Lule, who was President for a brief period after Amin, or round President Binaisa.

In the latest outbreak of political violence a leading politician, Mr. Gaster Nabuse, who supported Mr. Lule, was murdered in hospital this week while undergoing treatment after an earlier attempt on his life.

## Binaisa to call early elections

By John Worrell in Nairobi

PRESIDENT Godfrey Binaisa has agreed to bring forward to October or November this year the date of elections in Uganda originally promised for June, 1981.

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## Malaysia claims big gas find

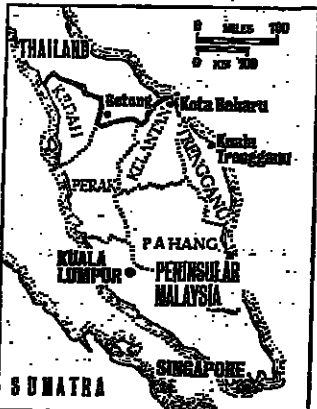
By Wong Sulong in Kuala Lumpur

MALAYSIA SAYS it has discovered one of the world's biggest natural gas fields, off the east coast of the Malay Peninsula.

Dr. Mahathir Mohamed, Deputy Prime Minister, said in an interview that the gas field off Trengganu state had reserves far larger than that of central Lucania off the Sarawak coast and the Sarawak field is already considered to be one of the world's biggest.

The Trengganu discovery was made three years ago by Esso Production Malaysia, a subsidiary of Exxon, but officials from Exxon and Petronas, the Malaysian oil company, have all along been secretive about its reserves.

In confirming the size of the field, Dr. Mahathir did not give precise figures on the reserves, but pointed out that the Sarawak field in east Malaysia is expected to have a commercial life of 40 years, while the Trengganu one would last for at least 70 years. The Sarawak field was discovered in 1968 by Shell. Shell has joined Petronas and Mitsui



an agreement with three Japanese utilities companies to supply liquid natural gas at the rate of 6m tonnes annually for 30 years starting in 1983.

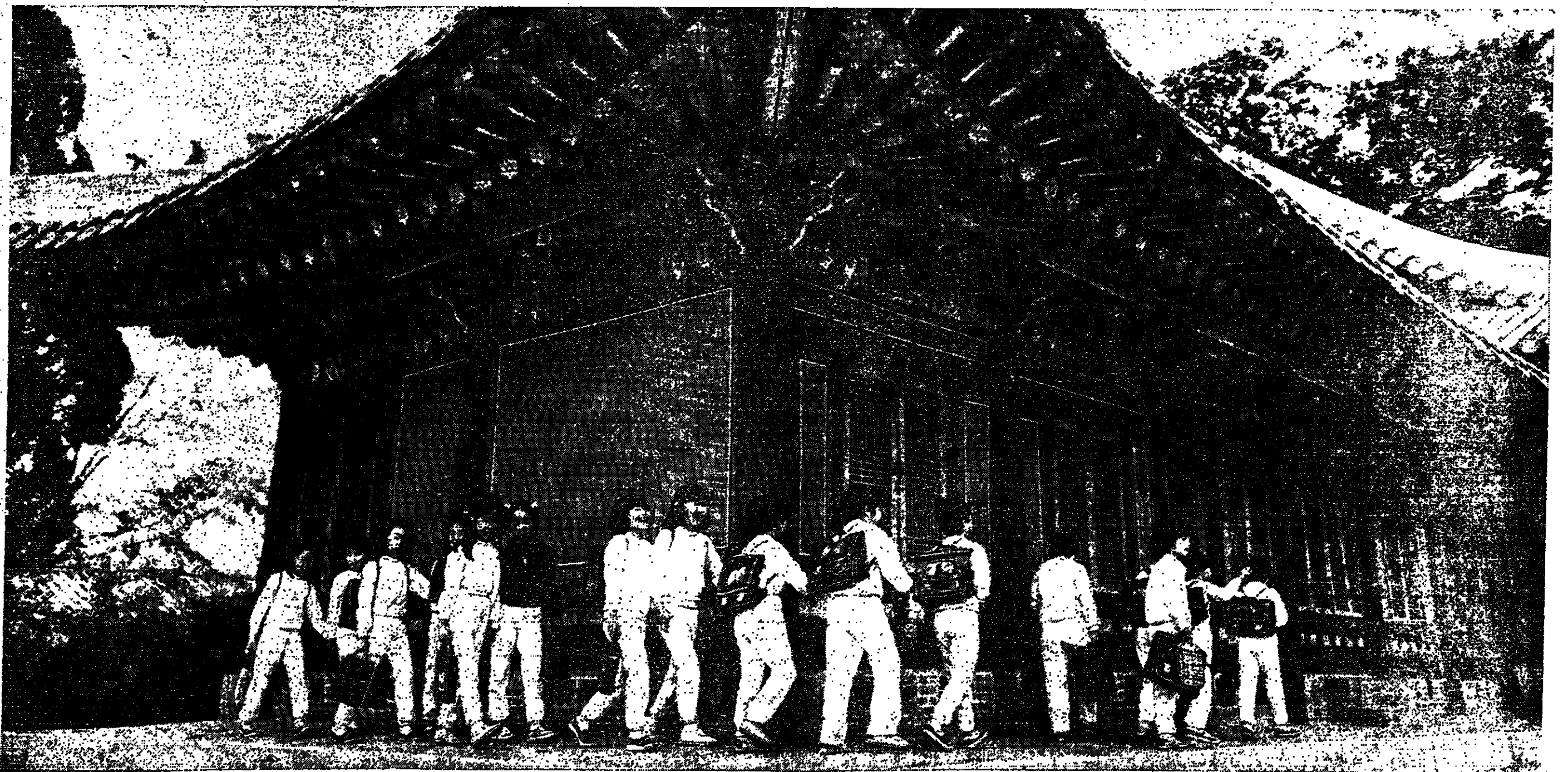
Dr. Mahathir said the Government and Esso have not decided what to do with the Trengganu gas, but said it would be used as a base for a petrochemical complex to be developed in Trengganu, which is one of Malaysia's poorest states.

Projects, other than petrochemicals being considered which would use gas as energy include a power station, an aluminium smelter and a steel mill.

Part of the problem would be the pricing of the gas. While the Malaysian Government is prepared to provide cheap gas to attract industries, Esso is interested in 'getting market prices'.

Apart from its huge gas reserves, Malaysia is also a net oil exporter, with daily production of 317,000 barrels and consumption of 125,000 barrels.

bishi to form a joint company, Malaysia LNG, to build a \$450m Bintulu to process the gas. Last month, Sarawak Shell signed a \$137m loan with 15 banks to finance the construction of undersea pipes and facilities to bring the gas to Bintulu. Malaysia LNG has also signed



## BARCLAYS BANK HELPS RALLI CONEY THREAD COTTON FROM CALIFORNIA TO KOREA.

Ralli Brothers and Coney, one of the world's leading cotton merchants, exports to the fast-growing cotton industry in Korea. Here cotton is made into everything from high fashion dresses to neat, simple white uniforms for the schoolchildren.

The Barclays Bank International group helps Ralli Coney finance the movement of cotton crops throughout the world. Barclays in California provides finance for Ralli Coney to buy from Californian farmers. In Korea, payment is made through letters of credit handled by Barclays in Seoul.

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## AMERICAN NEWS

## McHenry 'wanted to resign'

BY RICHARD JOHNS, MIDDLE EAST EDITOR

MR. DONALD MCHENRY, U.S. Ambassador to the UN, tendered his resignation following President Jimmy Carter's disavowal two-and-a-half weeks ago of the U.S. vote in the Security Council condemning Israeli settlements.

But he was strenuously dissuaded from quitting by strong appeals from Mr. Cyrus Vance, according to an informant close to the Secretary of State.

He pleaded that Mr. Carter could not afford a repeat of the affair arising from the resignation of Mr. Andrew Young, Mr. McHenry's predecessor at the UN who is also

black. Mr. Carter's image, already damaged by the "error" over the vote, would be further tarnished at a critical stage in the presidential election process. Having alienated the Jewish vote, Mr. Carter would risk losing a large part of the numerically much greater coloured one.

One hitherto unpublished factor behind Mr. Carter's volte-face is understood to have been a pledge made to Mr. Menachem Begin, Israeli Prime Minister, at Camp David in 1978 that the administration would refrain from public reference to the future of Jerusalem.



## Vance attempts to silence Senate critics of UN vote

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. CYRUS VANCE, U.S. Secretary of State, told a Senate committee yesterday that U.S. policy towards Israeli settlements occupied Arab land and the status of Jerusalem was essentially unchanged. It would therefore be unhelpful to rake the Administration over the coals for its recent "erroneous" vote in the United Nations at this delicate juncture in the Palestinian autonomy talks.

The White House announced this week that Mr. Menachem Begin, Israeli Prime Minister, and President Anwar Sadat of Egypt would make separate visits to the U.S. next month, in a new bid by President Jimmy Carter to break the deadlock on key issues in the Camp David accords, which aim to set up a self-governing

authority for Palestinians living in Israeli-occupied Gaza and the West Bank. Mr. Sol Linowitz, the U.S. mediator in the negotiations, is to leave today for the Middle East to pave the way for the April visits.

The Senate Foreign Relations Committee yesterday began, in relatively mild mood, its hearing on the Administration's behaviour over a UN Security Council resolution condemning Israel's practice of allowing Jewish settlements on West Bank Arab land. On March 1, the U.S. voted for the resolution, which was thus carried unanimously in the council, but two days later President Carter disavowed the vote, saying his wishes had been misunderstood by the State Department.

Senator Frank Church, the committee chairman, said the

Senate hearing should not concentrate on the details of how the "mistake" came about, but on assessing the damage done to our national credibility. He, for one, accepted Mr. Vance's responsibility for the affair, but clashed with the Secretary of State on the latter's refusal to let Mr. Donald McHenry, the U.S. envoy to the UN, and Mr. Harold Saunders, the State Department's top Middle East expert, appear before the committee.

The U.S. still opposed the expansion of Jewish settlements on Arab land, Mr. Vance said, but explaining the disavowal of the U.S. vote, stressed that the Administration had realised it was unhelpful for the autonomy talks to have the delicate issue of Jerusalem raised in a Security Council resolution.

## Settlement of IH strike delayed

BY STEWART FLEMING IN NEW YORK

EFFORTS towards ending a four-month strike at International Harvester, the Midwest agricultural equipment and commercial manufacturer, have again run into difficulty after agreement on several major issues.

Officials would not disclose yesterday what the remaining obstacles were but it seems that the two sides are close to a settlement. The strike has already led International Harvester to report a \$222m loss in the first quarter of its financial year and has raised fears that the company is facing the prospect of a loss for the year.

A spokesman for the United Autoworkers' Union said in Detroit yesterday that although central talks between the union and the company had been adjourned, local bargaining at

plants was continuing. He added that all the major issues including pay and pensions, had been clear up tentatively. It is understood that the question of the company's demand for some erosion of the principle of voluntary overtime has also been resolved.

Aggravatingly, an 11-week strike by 60,000 oil refinery workers in the U.S. looks like dragging on after an unexpected setback in negotiations.

It had been thought earlier this week that a settlement between Gulf Oil and the Oil, Chemical and Atomic Workers' Union would set a pattern for the whole industry. But the union now says that offers from other companies are falling short of the Gulf terms and have been rejected.

## Industry angry over steel import trigger pricing

BY IAN HARGREAVES IN NEW YORK

THE U.S. steel industry reacted with dismay and anger yesterday at the decision by the Carter Administration to freeze its minimum prices on imported steel in the second quarter of the year.

Mr. Lewis Foy, chairman of the American Iron and Steel Institute and head of Bethlehem Steel, the industry's second largest company behind U.S. Steel, said he was "distressed" by the decision to freeze the so-called trigger price.

He also argued that there was "nothing inconsistent" in maintaining the trigger price system while the Administration investigated anti-dumping petitions.

Mr. John Greenwald, deputy assistant Secretary of Commerce, said the trigger mechanism would be suspended

quickly if "major suits" were filed. He refused to define major.

Last year, imports totalled 17.5b tons or 15.2 per cent of the U.S. steel market, down from 18.1 per cent in 1978.

U.S. Steel has also run into problems in closing down its Youngstown, Ohio, steel plant as part of a retrenchment programme announced at the end of last year which resulted in a \$32 (£257m) loss in the final quarter.

Employees at the plant have succeeded in temporarily blocking the closure through the courts until a ruling is made on whether the company broke a verbal promise to workers that the mills would be kept open so long as they were profitable. It is argued that the mills were profitable last year.

## Mobil loses challenge on state taxation

By Our Washington Staff

THE U.S. Supreme Court has ruled that a state may levy taxes on the foreign dividend income of a corporation doing business in that state.

In a six-to-one vote, the court threw out a constitutional challenge launched by Mobil, the oil company, against the state of Vermont. The state had been trying to tax Mobil on a wider basis than the company's earnings in the state.

The Mobil-Vermont case has long been considered one of legal significance because it addresses the highly controversial area of the extent to which states may tax international corporations.

In a sense, the arguments reflected in the case are similar to those which have raged over the last three years over the Anglo-American double-taxation treaty, in which the principal British complaint has been the practice of a handful of American states to levy taxes on a so-called "unitary" basis, taking into account a corporation's world-wide income.

However, it is impossible yet to determine the practical effect of the Mobil-Vermont ruling. This is because the court's verdict was far from sweeping. It merely upheld, in essence, that Vermont could apply its own tax formula on a corporation, but it passed no specific judgment on whether the formula Vermont used was proper.

Therefore, the way is presumably open for corporations to challenge on a case-by-case basis the formula a state does use. In this area, there is no such thing as a norm. Some states use unitary taxation, others tax income from foreign sources where the corporation is only a minority shareholder, others where the corporation is a majority shareholder, and some levy no taxes on foreign income at all.

## GATT aims to lower technical barriers

By Brij Khindaria in Geneva

ONE of the Tokyo Round's main achievements designed to speed up trade particularly among industrialised countries is the code on technical barriers.

The code does not try to remove all such barriers but only to abolish unnecessary ones. Examples of such barriers are new technical regulations, quality standards, testing and certification methods and similar practices which, although aimed at removing malpractices, can hinder imports if local standards are used to disqualify foreign-made goods from entering domestic markets.

The demand for this code came from the U.S. and the Common Market while exporters have long complained that Japan uses technical rules and testing practices as ways to keep out imports.

While the code does lay down certain guidelines to detect such abuse of a nation's otherwise legitimate right to enforce technical standards, it will, by opening doors wide open to imports, it can only serve to make the opening a little wider.

The code leaves the job of proclaiming world standards and quality norms to various specialised bodies, such as the International Standards Organisation. But it urges signatory countries to take account of such international efforts and of standards used in other major countries in drawing up domestic rules.

There is no binding obligation to enforce obedience to the code. National governments are asked to make "a best endeavour" to make local, state and regional authorities apply the code's provisions.

The code's long-term aim is to encourage harmonisation of technical standards used by various countries. Its immediate requirement is that each government should provide full information about any technical standards and other practices which significantly affect international trade to any foreign exporter.

A serious complaint brought against Japan in the past has been that information was provided reluctantly, was given too late and was often incomplete. The experience of European car exporters has been, for example, that Japanese rules on anti-pollution requirements and testing methods became barriers to exports because information provided did not give enough detail about actual practices.

Another important provision of the code requires that domestic goods be subjected to tests as tough as those laid down for imports.

## UAW opposes Carter car decision

WASHINGTON — Mr. Douglas Fraser, president of the United Auto Workers union (UAW), said that the Carter Administration's opposition to any type of auto import restrictions reduces the chances that major Japanese companies will invest in U.S. manufacturing operations.

Testifying before a joint House of Representatives-Senate Economic Committee, Mr. Fraser said "I was rather astounded" by the position taken by Carter Administration officials at an earlier congressional hearing, where Mr. Rubin Askeew, the U.S. Trade Negotiator, said the White House was opposed to import restrictions on Japanese-made cars.

"They gave away the store," Mr. Fraser said, during the follow-up hearing before the House-Senate Committee.

The UAW president, who along with some members of Congress, has been trying to pressure Toyota and Nissan into making U.S. manufacturing investments, said that "there is now less chance" that these companies would do so.

Earlier the Committee heard testimony from Mr. Yasuhiro Suzuki, a vice-president of Nissan's U.S. affiliate, who said that his company feels that investments in U.S. manufacturing facilities at this time would be "extremely risky" in view of U.S. car makers increasingly shifting to smaller fuel-efficient cars.

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requires that U.S. aircraft manufacturers wishing to sell to Japan must build a certain percentage of each aircraft in that country.

Meanwhile, in New York, Nissan Motors said it would probably ship to the U.S. as many cars in 1980 as last year.

Mr. Mitsuya Goto, deputy general manager of Nissan's international division told the Japan society that Nissan shipped 6.5m cars and trucks to the U.S. last year and that shipments in January and February were up compared with last year.

Mr. Goto said Nissan promised the UAW that it would be "very prudent in its export policy" Agencies

view of U.S. car makers increasingly shifting to smaller fuel-efficient cars.

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In the field of two-litre cars, the Vauxhall Carlton is something of a rarity.

Because it's one of the few cars designed exclusively for a two-litre engine, right from the word go.

Consequently, you can't have one with a smaller engine, even should you wish.

Nor, indeed, can you have one with an inferior standard of luxury.

The list of options is surprisingly modest, because almost everything you could wish for is already present.

#### LUXURIOUS, BUT RESTRAINED.

The Carlton successfully avoids the baroque flourishes that creep into many of the so-called luxury cars.

The seats are covered entirely in a rich velour cloth, but have just the right degree of firmness.

Adjustable head restraints are standard at the front, while a central armrest is included at the rear.

You can even adjust the driver's seat for height, as well as for reach and rake.

And, naturally, there's wall-to-wall cut pile carpeting. (It even has separate underlay.)

Then there are numerous small but practical touches that make the car a pleasure both to drive and be driven in.

A push button radio. A comprehensive (but thankfully uncomplicated) heating and ventilation system with a four-speed fan.

Two-speed wipers with that vital intermittent wipe. Electric screen washer. Cigar lighter. Quartz clock.

#### GOOD LOOKS, BUT WITH GOOD REASON.

The steeply raked front end makes the Carlton one of the most distinctive designs on the road.


But there are better reasons for the way it looks than its ability to turn heads.

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An achievement that's also reflected in the car's fuel economy: even driven at a steady 75 mph, it returns a creditable 30.7 mpg.

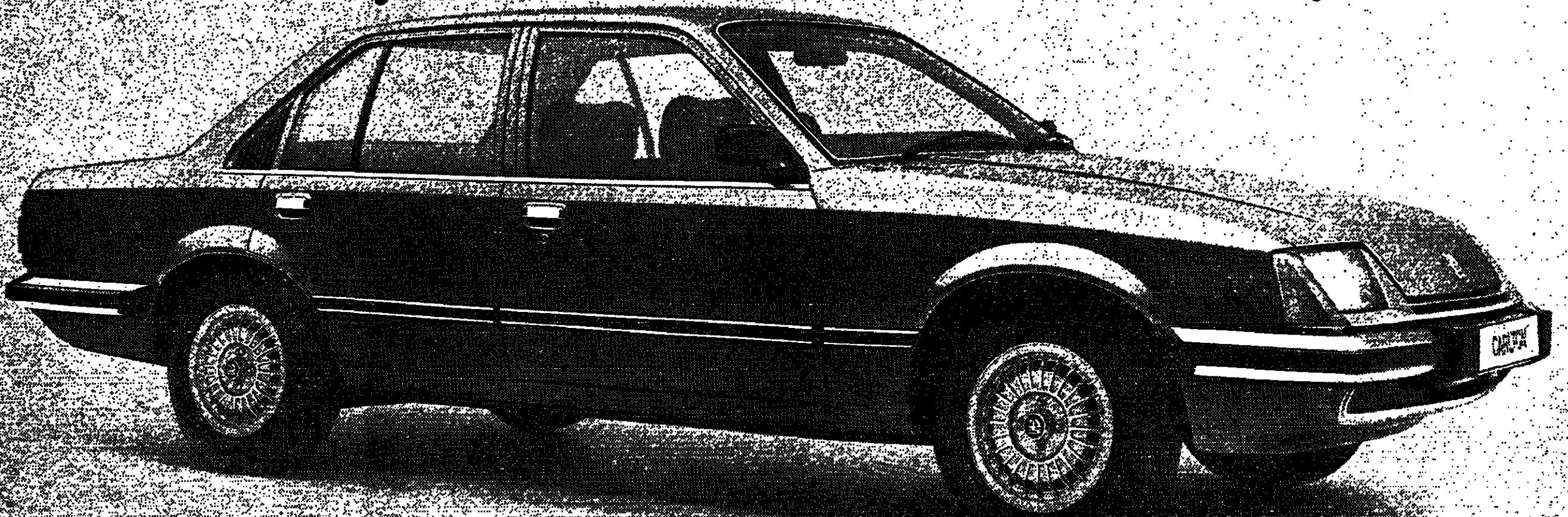
If, on the other hand, you choose to throw caution to the wind, the Carlton will accelerate from rest to 60 mph in as little as 11.2 seconds.

And go on accelerating to a highly illegal top speed of 107 mph\*.

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## UK NEWS

## British shipbuilding falls below French

BY LYNTON MCILAIN

FRANCE overtook Britain in the world league of shipbuilding nations for merchant tonnage completed last year.

Britain fell from third to fourth place in Lloyd's Register of Shipping annual table, published today. France, which was not even in the top 10 in 1978, now ranks third.

The change reflects its success in marketing its specialised capabilities in liquefied gas and chemical carriers. France built seven of these last year and is second in the world after Japan.

British shipbuilders last delivered a liquefied gas carrier in 1978, from the Robb Caledon yard at Dundee. But the state corporation said last night it was making efforts to claim a share of the world market. Last year 82 of these vessels totalling 1.1m tons were delivered.

The U.S. was also more successful than Britain, building five liquefied gas and chemical carriers with a total of 387,659 tons gross.

This contributed to the U.S. rise from fourth to second place in the shipbuilding league.

Japan was again the most successful shipbuilder with a third of the world market. It built 49 liquefied gas and chemical carriers.

MERCHANT SHIP COMPLETIONS (tons gross)			
	1979	1978	Percentage of world total 1979
Japan	4,696,996	4,307,155	32.87
U.S.	1,352,370	1,033,142	9.46
France	719,863	439,940	5.04
UK	691,404	1,133,331	4.84
Brazil	665,442	441,821	4.66
Spain	630,199	821,111	4.41
S. Korea	495,219	604,286	3.47
Poland	461,902	702,182	3.23
Sweden	459,644	1,407,017	3.22
W. Germany	437,286	844,530	3.06
E. Germany	381,320	409,727	2.67
Norway	364,073	325,494	2.55
USSR*	433,375	528,084	3.03
World total	14,289,369	18,194,120	

\* Information incomplete

Source: Lloyd's Register of Shipping, March 1980

Despite continued market buoyancy for these special carriers, world merchant tonnage completed fell by more than 21 per cent to 14.3m tons gross—the lowest for 13 years, since 1966.454 tons gross completed.

However, Britain completed 26 general cargo vessels, totalling 208,454 tons gross compared with France's two at a

tenth of the UK tonnage. The U.S. built one general cargo vessel.

Britain also built five bulk carriers, compared with three in the U.S. and none in France. But the rate of decline in completions slowed compared with 1978, when finished merchant ships dropped by a third compared with 1977.

## Revised figures give evidence of minor investment boom

BY DAVID MARSH

A LARGE upward revision of figures for capital spending by industry in 1979 has provided new evidence of a minor investment boom last year, particularly in the services sector.

At the same time, the Department of Industry has revised downwards its estimate of the fall in manufacturers' stocks at the end of last year. Industry's finished goods stocks are still quite high, but companies have started to trim stocks of materials and fuel, in preparation for the expected recession, earlier than had been thought.

The department now estimates that capital spending last year by the manufacturing, distributive and service industries (excluding shipping) rose 6 per cent from 1978 to £9,040m at constant 1975 prices. This total is £100m more than the figure issued last month, when the rise over 1978 was estimated at only 4 per cent.

Almost all the revision affects the buoyant distributive and services sector, where investment is now given as £5,205m, 10 per cent more than 1978, against the earlier estimate of 8 per cent growth. The upward revision was concentrated on the figures for second and third quarter spending.

Capital spending by manufacturing industry last year was £3,840m, a slight fall from the 1978 figure of £3,850m, and yesterday's figures confirmed that fourth quarter investment in this sector fell by a seasonally adjusted 21 per cent from the previous three months.

The figures show that manufacturers' stocks fell by £90m, seasonally adjusted, in the fourth quarter, £50m more than was earlier estimated.

This was the first fall in manufacturers' stocks since the second quarter of 1976, and was due largely to a drop in stocks of materials and fuel. These fell by £110m and work in progress by £80m, while stocks of finished goods rose by about £80m.

Retailers' stocks rose by £181m during the fourth quarter, unchanged from the previous estimate. The large amount of unsold goods built up at retailing companies last year spurred many of them to make more strenuous efforts than normal to boost turnover during extended New Year sales.

## Bid for Chunnel contract

BY LYNTON MCILAIN

AN ALL-BRITISH group of civil engineering contractors joined the bidding for a Channel tunnel yesterday, with an assertion that "drilling the hole would be the simplest part of the job."

Sir Robert McAlpine and Sons, the lead company, has joined forces with John Mowlem and Co., French Kier Construction and Thyssen (Great Britain), and is standing ready in case a tunnel is given the go-ahead by the Government.

The Government is now considering a range of proposals for tunnels, including the BR/French Rail scheme for a single-track tunnel costing £860m (at 1980 prices).

The initial relationship of the companies is in the form of a joint venture. But Sir Robert McAlpine and Sons said a joint company might be formed later, if a go-ahead appears likely.

## Joint venture

The group would be in direct competition with the European Tunnel Group of British, French, Dutch and German civil engineering companies which launched its proposals for tunnels costing between £540m and £2,250m on Wednesday. Costain Civil Engineering is the British partner.

Sir Robert McAlpine and Sons has bored a number of tunnels, including cable tunnels under the River Severn for the Post Office, a tunnel at St. Maximin, France, and part of the Victoria Line underground tunnel in London.

## 'Straightforward'

The work of digging the Channel tunnel would not be difficult, Sir Robert McAlpine and Sons said it was a "straightforward civil engineering job."

The announcement came after Mr. Norman Fowler, Transport Minister, told MPs no public money would be used to support a Channel bridge or tunnel. Nevertheless, he did not rule out Government support for such a scheme and said: "providing we get the right scheme a Channel tunnel would be the sensible way of meeting traffic growth on the Channel."

## £5m plan for zip factories

By Lisa Wood

A £5M MODERNISATION programme was confirmed yesterday by Lightning Fasteners, a subsidiary of Imperial Metal Industries.

The company is to build a purpose-built zip production factory in Peterlee, Co. Durham, to replace existing plant in the town and an existing factory in Cleator Moor, Cumbria, is to be re-equipped.

The work, expected to be completed during 1981, should create more than 100 new jobs, said the company.

Lightning Fasteners said that without the active co-operation of Peterlee Development Corporation and the "considerable financial assistance" given by the Industry Department and the European Coal and Steel Community, the project would not have been undertaken.

Last July Lightning Fasteners announced plans to phase out zip manufacture at Widdow, Birmingham over a period of at least 18 months. Zip manufacture, it said, was to be concentrated at Peterlee and Cleator Moor.

## Tricentrol plans expansion in North America

BY RAY DAFTER, ENERGY EDITOR

TRICENTROL, the UK-based oil and commercial group, plans a major expansion of its North American oil and gas activities.

The move could lead to production emphasis being switched from the North Sea, where the company has a significant Thistle Field stake.

Mr. James Longcroft, chairman and chief executive, said yesterday the group would concentrate exploration and production in three main areas: North America, the UK Continental Shelf and in the much longer term, China.

It would also expand its non-energy business.

Tricentrol has 9.6 per cent in Thistle—worth £182m in future cash flow before Corporation Tax—and hopes to be awarded new exploration blocks in the next round of North Sea licences. But it feels there are greater, more immediate opportunities for developing oil and gas fields in the U.S. and Canada.

Tricentrol shares are to be offered to the North American public. It is expected this will raise about £30m. The group is also expected to seek listings on the Toronto and New York stock exchanges.

It hopes to be able to bid for at least one independent oil and gas company later this year. Tricentrol's proven oil reserves in North America—

most of them in Canada—are estimated at 1.2m barrels. It has 4.6m barrels of "probable reserves"—oil likely to be recovered in due course.

Tricentrol expects to recover \$3.7m barrels from its share of the remaining Thistle reserves. The group reported pre-tax profits of £21.3m in 1979, a 165 per cent increase over 1978. Turnover was £208m (£142m in 1978).

On its non-oil business, the company said it had acquired for £8m the hardware interests of R and G Cuthbert from Kema Nobel (UK), the wholly-owned subsidiary of the Swedish Kema Nobel chemical and consumer products company. This will strengthen Tricentrol's activities in hardware and garden supplies.

It had agreed to pay £2m for Stevens Travel, said by Mr. Longcroft to be Europe's largest motor caravan hire operation. The business, in Middlesex, will be associated with Tricentrol's coach and travel interests.

Mr. Longcroft said the non-energy expansion would be on three main fronts: vehicle distribution; wholesaling, warehousing and distribution of hardware and equipment for the home and garden; and design, manufacture, wholesaling and distribution of "products likely to be in high demand because of increasingly high energy costs."

## Construction orders down in January

BY MICHAEL CASSELL

ORDERS for new construction work continued to run at "disappointing" levels in January, say provisional figures from the Department of the Environment.

The Department estimates that value of orders placed with contractors in the first month of 1980 reached £776m at current prices, against £835m in December. In constant price terms value of orders compared with December showed a drop of nearly 50m.

More significantly, value of work won in the three months to the end of January showed a 5 per cent fall from the previous quarter in constant price terms. They were 3 per cent lower than in the same period 12 months before. The Department said that new

orders in public-sector housing in the latest quarter under review were 11 per cent down on the previous one and 26 per cent less than a year earlier.

Private housing contracts were, by value, 18 per cent lower than in August-October 1979, but 2 per cent higher than in November-January a year before.

Public works orders in the latest quarter were 5 per cent down on the preceding three months and 15 per cent less than a year ago.

Private industrial orders were down 17 per cent on the previous quarter, and 12 per cent better than in the same period a year earlier. Private commercial orders were up by 32 and 14 per cent respectively.

## Competition urged in sale of Channel 4 advertising

FINANCIAL TIMES REPORTER

The Incorporated Society of British Advertisers has called on the Government to allow competition in advertising sales between the new commercial TV channel and the existing ITV channel.

Under the arrangements envisaged in the Broadcasting Bill, now going through Parliament, the sale of advertising for the fourth channel would be handled by the ITV companies. The Society which represents the 600 companies who provide 75 per cent of television advertising, opposes the extension of the ITV monopoly.

Mr. Kenneth Miles, society director, said yesterday: "The Government is calling for a tougher and more competitive approach from industry as a whole, but there seems to be

a blind spot on this particular issue, and industry is extremely worried about it."

The Government expects that the new channel would not initially be able to pay for itself, so that the costs of running the service must be put up the ITV companies.

By contrast, the society calculates that the new channel could be viable almost immediately. It recommends that the sale of Channel 4 airtime should be the responsibility of independent regional agents, who would not have seats on the Channel 4 board, and would therefore have no influence on programme content.

In January and February this year, total advertising revenue on ITV was just over £85m, 50 per cent higher than in January and February last year.

## Engineering industry in a 'carry on' state

BY JAMES McDONALD

"STEEL SUPPLIES are the least of my problems. I am much more concerned about winning work to process the steel, which I can obtain fairly easily," the director of a small engineering plant in the north-east, said this week.

This, perhaps, was an extreme, but by no means isolated, reaction in a survey carried out by the Financial Times into the effects of the steel strike on the British engineering industry. A very large cross section of the industry has apparently entered the 12th week of the strike with little loss of production, relatively few lay-offs of labour and little short-time working attributable to the dispute, and with either a reasonable level of steel stocks for some time ahead or confidence to obtain supplies when needed.

These are the major contributory factors to the present "carry on" state of the engineering industry: widespread stocking and ordering of steel from domestic private and overseas producers by many users and stockholders before

the beginning of the strike; the resourcefulness of the stockholders in delivering steel after the start of the strike; self-help and "swapping" arrangements by steel users; and an apparently widespread downturn in new work for engineers.

There are, of course, exceptions. Metal Box is a notable case: with its large dependence on the British Steel Corporation for plate, it has had to lay-off nearly half its 15,000-strong production force. And yesterday, Mr. Kenneth Carlisle, the MP for Lincoln, asked Mr. Bill Sirs for dispensation for a local firm, Robeys, which has put more than 100 workers on short time, to collect steel supplies.

But more general have been the reports from many regions that, where short-time or lay-offs have taken place or are being considered, the main reason has been a down-turn in new business. Most steel users attribute this to the effects of a general recession rather than to lack of confidence in delivery by customers because of the strike.

The majority of engineering companies contacted, large and small, preferred to be anonymous.

Early in February, the machine tools industry expressed concern over the effects of a protracted steel stoppage. Mr. John Halbert, president of the Machine Tool Trades Association, feared that two months of the strike could affect delivery dates seriously.

But yesterday, over six weeks later, Mr. Halbert said: "At the moment, the strike is not affecting the machine tools industry." The industry relied upon special steels but stocks had been high before the strike and "there is a lot of imported steel about," he added. "The downturn in orders everywhere has taken the pressure off."

Elsewhere, one very large group, some of whose companies supply forgings and pressings to the motor industry, has had to put about one-third of its 10,000-strong workforce in this sector on short-time; but there have been very few lay-offs. The companies involved have had to change the work-loads in some cases, according to the availability of certain steels, but they are continuing to produce on a "week-to-week" basis.

Another large company producing storage and materials handling equipment has had no problems about scarcity of work. Its plant is on three-shifts with overtime, and recently has had to do away with week-end working to ease the pressure on steel stocks. This plant needs certain steel specifications—"We can't just go around stockholders and get job lots"—but it placed large orders overseas before the start of the strike and has been successful in obtaining dispensation from the unions for the release of a certain amount of steel consignments through the ports.

Manufacturers of diesel engines also seem to have overcome most of their problems. Two large organisations say that their finished and semi-finished component suppliers who, in turn, are heavily dependent on stockholders, so far have met their requirements. Both companies have relied on multi-sources in the past for their components. This policy has proved successful. There has been no loss of production

in either case, nor any lay-offs or short-time.

A large manufacturer of food processing machinery, with about 5,500 employees, says that shortages of special steels have affected some production, but not its main product lines. Stocks are sufficient for another month at least.

In the heavy engineering sectors one maker of rolling mills reports having stock problems as it is not a big user of raw steel and depends on a number of sources for supplies. It is still working normally and has no plans for redundancies or short-time working.

One large group comprising up to 70 companies in the UK reports no lay-offs or short-time. One or two companies have problems, but we order on a long-term basis, particularly for special steels, and generally speaking the strike has had no immediate effect," the group says. Again, this group is largely dependent on stockholders.

One company willing to be named is Rolls-Royce. With a large order book, it reports immediate or insurmountable problems. But it points out that it uses mainly special metals for its engines.

Most of the "big name" engineering companies obviously rely heavily on sub-contractors; and, just as obviously, many sub-contractors are too small to have sources other than steel stockholders. Apparently, the stockholders have been largely successful so far in keeping the small engineering plants supplied.

The Engineering Industries Association has about 4,800 members, many of them small plants employing 20 workers or less. Regional secretaries of the association reported that few, if any, closures have directly resulted from the strike. There have been few lay-offs and little short-time working.

The London Chamber of Commerce and Industry conducted a survey of engineering plants in London and the south-east fairly early on in the strike and found plants reported only two or three weeks stocks in hand. But, repeating the survey only recently, the chamber received much the same reply on stocks from the same plants. "Obviously the steel is getting through," said the chamber, "either from stockholders or through small ports."

## Threat to industry grants

BY MAURICE SAMUELSON

SHORTAGE OF steel parts may stop industrial projects meeting the August 1 completion deadline for a regional development grant, according to Sir John Greenborough, president of the Confederation of British Industry.

In a letter to Sir Keith Joseph, Industry Secretary, he repeats a call to extend the deadline. This has already been turned

down by the Government on the grounds that there was no general shortage of steel.

But Sir John now says there is a shortage of particular steel types. He cites a film factory extension in Sheffield which will provide 30 to 40 new jobs, but which would lose its 20 per cent grant unless it is finished by August 1.

## Coal industry breaking even

THE COAL industry should break even this year, Sir Derek Extra, chairman of the National Coal Board, said yesterday during a visit to Newmarket Silkstone Colliery, where he congratulated miners on their recent production efforts which are helping transform the pit's earlier losses into profits.

Sir Derek met some of the colliery teams who for five months have kept the pit's name at the top of that Yorkshire area's production league. Output per man-shift at the mine regularly exceeds 17 tonnes—almost twice the national average performance this year.

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# How much longer before we in Britain join the 3rd World?

Fifteen years ago, Britain was a leading producer of motor cars, motor cycles, domestic appliances, televisions, radios, hi-fi's.

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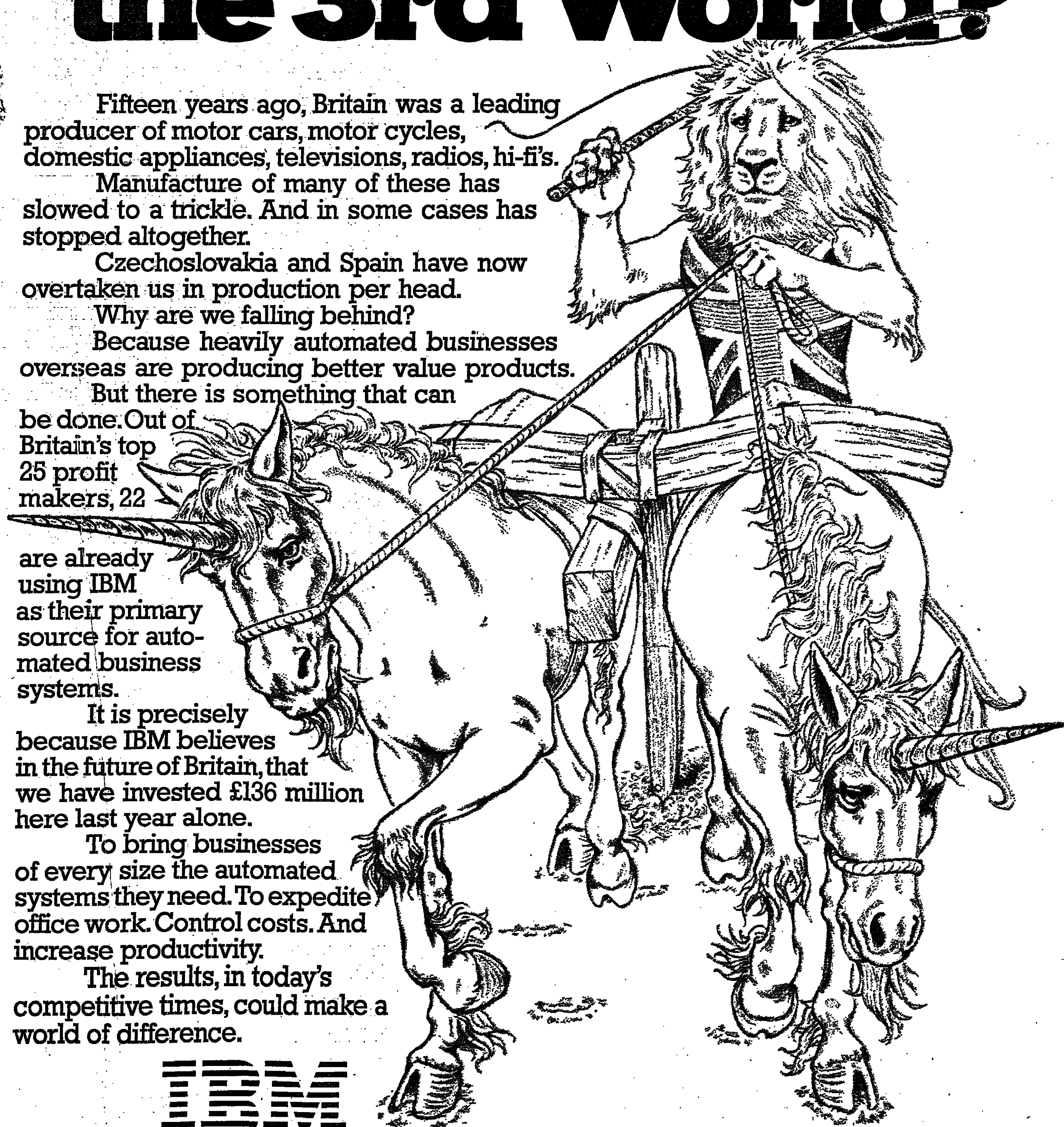
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## UK NEWS

## Changes needed in clothing industry

BY RHYD DAVID, TEXTILES CORRESPONDENT

BRITAIN'S clothing industry could reduce its prices, increase its profits, and pay better wages if it used better manufacturing methods and systems, claims a report by the Clothing Industry Productivity Resources Agency—CIPRA.

The report highlights a number of common weaknesses in 22 companies covered in a survey. These include excessive employment of indirect staff, poorly designed wage systems and ineffective quality control.

By contrast, a single German company included in the survey, for purposes of comparison, was able to complete in export markets including Britain twice as high as the UK average. Motivation among the German employees was also found to be very high.

The survey by the Leeds-based Government-funded agency was carried out in companies in the women's and

children's light outerwear sector which in 1978 had sales of more than £800m and provided employment for nearly 100,000 people. The sector has also performed better than many other parts of the industry with employment falling by only 5 per cent between 1970-78, compared with an industry average of 15 per cent.

## More complex

CIPRA says, however, that companies employ too many support workers—in relation to manufacturing workers—an average ratio of 58 to every 100, compared with 29 per 100 in the West German company. Significantly, too, the bigger the factory the greater was the ratio of indirect to direct staff.

The report says a larger factory breeds a more complex structure which requires the efforts of relatively more people to overcome its organisational inertia, and it suggests that

factories of between 100 and 200 are most likely to be properly controlled by a manager.

Other improvements could be achieved by UK companies through better use of fabrics—a possible 10 per cent saving overall—and better organisation of sewing rooms. Productivity increases of up to 100 per cent were possible in some of the companies visited—the average was 40 per cent.

The study also found that companies were generally not using the right mix of basic payment and bonuses to achieve maximum levels of output. The payment system also often encouraged the passing of sub-standard work.

The German factory included in the survey was run on substantially different lines from its British counterparts and its results are described as remarkable, exceeding anything found in the UK group of companies in terms of effectiveness and motivation of staff at

all levels. CIPRA is particularly impressed with the decentralisation practised by the German company. The system gives the individual factory manager responsibility for rejecting or accepting for manufacture particular fashion lines and holds him accountable for quality, costs and delivery, with a significant element of payment by results in his salary.

## By contract

Within the factory, line supervisors reach a contract with the manager to produce a certain value of merchandise daily, and each individual operator in turn agrees to complete a certain number of operations at a price set by the supervisor. Work continues until the agreed quantity is completed.

Machinists in the German factory, according to CIPRA, maintained their best workplace

for 65 per cent of the working day, a figure close to the optimum.

The report notes: "All staff employed were fairly near to being their own bosses, all effectively making their own contracts for price, quantity and delivery. As a result morale seemed to be high, and there seemed to be a more serious attitude to getting on with the job than is found in many British companies."

All 22 UK companies surveyed in the report have now been given their own confidential reports highlighting areas of weakness where changes could be made. Mr. Martin Frankel, chief executive of the agency, said yesterday it was hoped publication of the report would lead to action by many other firms.

Productivity Survey. CIPRA, Sovereign House, Seacroft Centre, Leeds, LS14 6NT. £10 plus £1 p. and p.

## Talks on N. Ireland may be adjourned

BY STEWART DALBY

THE CONSTITUTIONAL conference on Northern Ireland which aimed to explore ways in which more political power at the local level could be achieved, is now likely to be adjourned indefinitely on Monday.

There was to have been a final day of talks on March 31. However, this has been brought forward, apparently at the insistence of the Social Democratic and Labour Party, main Catholic representatives. The party feels talks have reached the end of their useful life following the refusal by Mr. Ian Paisley, the main Unionist delegate, to countenance power-sharing with the Roman Catholic minority.

The minimum demand of SDLP leader, Mr. John Hume, is power-sharing. He feels that

any further talks along the lines of those going on since January are pointless in view of Mr. Paisley's stance.

Now, the idea is that Mr. Humphrey Atkins, conference chairman, will report to the Cabinet before Easter on what he considers the maximum level of agreement possible between the three political parties attending the talks.

There may then be proposals for further talks in the summer, possibly based on a White Paper.

Mr. Atkins says he did not expect instant solutions from the talks to bridge the gap between his all-powerful role and the virtually powerless 26 district councils. He has wanted to see whether local politicians could decide on the way of government themselves.

## Courtaulds defends cost of Londonderry plant

BY OUR BELFAST CORRESPONDENT

COURTAULDS HAS replied to criticism at Westminster about the cost to the taxpayer of its integrated textile plant near Londonderry in Northern Ireland.

MPs on the public accounts committee on Wednesday questioned the Northern Ireland Department of Commerce about spending £14.4m in grants on the basis of a projected labour force of 1,500.

Just over 900 staff are now employed but Dr. Vera Furness, general manager of the plant, said yesterday part of the explanation was that depressed market conditions had affected sales.

She added that the industry had also been able to operate with fewer staff than had been

expected when the factory was planned seven years ago.

The factory opened in 1976 and gradually built up to a labour force of 900. About three months ago the slump in textiles meant nearly 100 employees had to be paid off, and this was followed by a period of short-time working.

Mr. Frank Mais, Permanent Secretary of the Northern Ireland Department of Commerce, told the committee that Courtaulds had not misled the department over how many jobs would be created. If the project was successful and the market picked up, the 1,500 jobs could still materialise.

MPs on the committee had criticised his department because the cost per job had risen from £9,500 to £28,000.

## GKN to make component for new BL car

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GKN IS TO supply constant velocity joints from Britain for the Bountie, the car BL is to make from a Honda design.

The joints are key components in the transmission of power from the engine to the wheels of front-wheel-drive cars. GKN reckons that it directly supplies 34 per cent and, together with its licensees, provides 95 per cent of the joints produced in the world.

The Japanese version of the joint BL-Honda car will have the joints manufactured under licence by NTN in Japan. The terms of the licence prohibit the export of NTN joints to

Europe, except as part of built-up vehicles.

In view of this restriction, GKN has been working with BL on suitable joints to be made in Britain. Prototypes are already under test.

The Bountie is due to be launched in the UK in mid-1981, and production should be at the rate of about 90,000 a year. As production builds up, it might be necessary for some of NTN's joints to be used—Honda's main concern is to protect its quality image—and GKN seems likely to arrive at some accommodation with BL on this point.

## Pressed Steel to shed 450 more jobs

FINANCIAL TIMES REPORTER

PRESSED STEEL-FISHER will cut a further 450 jobs at its car body plant at Swindon, Wilts, this year as part of BL's overall plan to axe 25,000 jobs. Already this year about 200 jobs have been lost at the Swindon plant. Falling sales and production volume at assembly plants throughout BL Cars are blamed for the latest round of redundancies.

The first batch will be implemented before the summer shutdown in mid-July, when 200 jobs will go. About 250 more will be shed between August and the New Year. The plants put forward by the company are still being discussed by the unions and workforce. Most redundancies will be in the Triumph TR-7 and Rover sub-assembly lines and in press shops.

Pressed Steel said yesterday: "We are reacting to the volume changes in car production at the BL Cars assembly factories. There is a need to streamline the operations and become more competitive."

## Colliery waste gas to heat Michelin plant

WASTE GAS from a North Staffordshire colliery is to be piped to the Michelin tyre factory at Stoke on Trent in a scheme to cut its fuel bill. The change-over from natural gas will take place next week, when senior National Coal Board officials, The Coal Board said that it would turn a waste product into an asset.

Colliery gas will be used for heating and production equipment, and a company official explained: "The simple fact is that local mine gas costs less than North Sea gas, and it should mean a considerable saving for us over a period."

## Stock Exchange extends Talisman to South Africa

BY CHRISTINE MOIR

THE STOCK Exchange is to extend Talisman, its computerised settlement system, to include South African securities. It is establishing a central stock pooling company in Johannesburg.

Permission for the office, which should be fully operational by late summer, was given by the Stock Exchange Council this week.

It has been warmly received by the leading Johannesburg registrars, Consolidated Share Registrars. The extension will mean brokers will be able to take or deliver stock in Johannesburg through a subsidiary of Sepoon, the pooling system in the UK, and central to Talisman.

Stock transfer will be by facsimile transmission and should take 24 hours. At present, the physical transfer of stock by airmail takes at least seven days.

Belaunder still draws large The Stock Exchange settlement committee hopes to begin planning a similar extension to include transactions on Australian stocks later this year.

This is likely to take much longer to become operational. Settlement systems in Australia differ from State to State, and the Sydney and Melbourne stock exchanges are only now in the early days of planning a computerised system already nicknamed CENSAS—Centralised Scrip and Accounting System.

But the plans have come too late to alleviate the congestion in stockbrokers' administration offices caused by the booms in South African gold shares and Australian oil stocks.

At present foreign securities—mainly South African, Australian and those from Hong Kong and the Far East—are excluded from Talisman. Normally, transactions account for only about 5 per cent of total stock market turnover.

In recent weeks their turnover has boomed. It has also coincided with transition to a single Talisman system and withdrawal of the dual running of its semi-computerised predecessor, Bargain Accounting.

Since January transactions in foreign securities have reverted to the old manual ticker passing system. This has put considerable strain on the settlement offices of leading specialists.

Clients are naturally reluctant to pay their bills before receipt of stock and the backlogs have strained some firms' financial resources.

With more normal trading in gold shares and oil about the backlogs are dwindling, so the financial problems are less acute. The Stock Exchange said yesterday the new Talisman extensions should make for much smoother settlement and, therefore, less strain on members' cash flow by the next boom.

## Tanker claim judgment reserved

JUDGMENT was reserved yesterday in the High Court action by Universe Tankships, of Moravia, against the International Transport Workers Federation.

The company—part of the shipping group headed by Mr. Daniel K. Ludwig—alleged that the federation unlawfully demanded £6,480 (£2,950) for its

welfare fund as part of the price for releasing the company's 268,000-ton tanker Universe Sentinel when it was blacked at Pembroke Docks in July, 1978.

The company also claimed it was entitled to recover part of the £71,000 (£32,420) it paid the ITF as back pay for the vessel's crew.

## Money supply rises £529m in five-week period

BY OUR ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply, rose by £529m, or 0.5 per cent, in the five weeks to February 20, on the basis of existing seasonal adjustment. But the Bank of England believes that this exaggerates the underlying rise because there were large surrenders of certificates of tax deposit during the month associated with the seasonal payment of corporation tax.

These surrenders have not been allowed for in the present seasonal adjustments; but if they are taken into account, the rise in sterling M3 was about 0.6 per cent.

In the eight months since mid-June,

sterling M3 has risen at an annual rate of just over 12 per cent—about 11½ per cent if allowance is made for the seasonal pattern of surrenders of these certificates. This compares with a 7 to 11 per cent target rate of increase.

The narrowly defined money supply, M1, fell sharply—by 1.6 per cent after seasonal adjustment—with three-quarters of the decline occurring in the interest-bearing element. Domestic credit expanded by £495m, seasonally adjusted, which was more than explained by a rise in bank lending since the public sector was slightly contractionary.

## GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1			Money Stock M3			Bank lending*			Domestic credit expansion		
	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	%
1979												
Feb. 21	-221	195	0.8	-33	507	1.0	1,125	1,129	378	1,048		
Mar. 21	304	35	0.1	-344	-443	-0.9	430	733	-388	-321		
Apr. 18	1,515	785	3.0	1,608	721	1.4	543	535	1,253	876		
May 16	-184	39	0.1	420	729	1.4	670	808	805	995		
June 20	-484	-213	-0.8	609	601	1.2	1,079	1,029	1,150	894		
July 18	772	641	2.4	777	426	0.8	1,132	386	968	420		
Aug. 15	-13	-3		282	563	1.1	145	693	815	1,045		
Sept. 19	34	120	0.4	316	346	0.6	112	157	763	944		
Oct. 17	1,107	921	3.4	1,209	1,066	2.0	1,248	1,223	1,774	1,547		
Nov. 21	-776	-575	-2.8	204	371	0.7	788	729	868	1,094		
Dec. 12	607	26	0.1	458	258	0.5	-254	163	410	250		
1980												
Jan. 16	-783	2		206	671	1.1	2,064	1,301	482	792		
Feb. 20	-836	-431	-1.6	-156	529	0.9	2,068	584	310	495		

\* To private sector in sterling including Bank of England issue Department liabilities of commercial bills. Source: Bank of England

## FIVE YEAR SUMMARY

(Amounts in millions except per share amounts)

	YEAR ENDED DECEMBER 31				
	1979(A)	1978	1977	1976	1975(B)
SUMMARY OF OPERATIONS					
Revenue:					
Oilfield Services	\$2,037	\$1,636	\$1,310	\$1,085	\$845
Measurement, Control & Components	1,513	853	880	805	721
Interest and other income	91	65	46	30	22
	\$3,641	\$2,554	\$2,236	\$1,920	\$1,588
% Increase over prior year	36%	22%	20%	16%	30%
Cost of goods sold and services	\$2,061	\$1,499	\$1,231	\$1,071	\$880
Operating income:					
Oilfield Services	\$809	\$648	\$540	\$383	\$299
Measurement, Control & Components	188	122	93	77	64
Eliminations	(13)	(6)	(1)	—	(2)
	\$984	\$764	\$632	\$460	\$361
% Increase over prior year	29%	21%	37%	27%	41%
Interest expense	\$32	\$18	\$16	\$15	\$24
Taxes on income	\$355	\$295	\$245	\$168	\$123
Net income	\$658	\$502	\$401	\$293	\$219
% Increase over prior year	31%	25%	37%	34%	49%
Per common share:					
Net income	\$5.18	\$3.94	\$3.12	\$2.27	\$1.74
Cash dividends declared	\$1.10	\$0.83	\$0.63	\$0.40	\$0.29
SUMMARY OF FINANCIAL DATA					
Net income as % of revenue	18%	19%	18%	16%	14%
Return on average stockholders' equity	31%	29%	28%	25%	26%
Fixed asset additions	\$503	\$393	\$212	\$187	\$232
Depreciation expense	\$242	\$184	\$159	\$130	\$89
Average number of shares outstanding	127	127	129	129	126
AT DECEMBER 31—					
Working capital	\$1,041	\$885	\$786	\$625	\$487
Total assets	\$4,375	\$2,956	\$2,385	\$1,985	\$1,716
Stockholders' equity	\$2,400	\$1,900	\$1,530	\$1,280	\$1,033

(A) Results of Fairchild Camera and Instrument Corp. have been consolidated with Schlumberger beginning July 1, 1979.

(B) Results of Sengame Electric Company have been consolidated with Schlumberger beginning July 1, 1975.

Certain information relating to directors' share dealings and group companies, required by The Stock Exchange in London to be made available, may be inspected during the next three weeks during normal business hours at Klemm, Benson Limited, 20 Fenchurch Street, London EC3P 3DE, from whom copies of the full Annual Report may be obtained.

JPK 1/50



# Union may sue Ministry over redundancy

BY PHILIP BASSETT, LABOUR STAFF

THE MINISTRY OF Defence is likely to face a High Court action next week brought by one of its unions to stop it issuing redundancy notices to staff or offering their work to private contractors.

The Civil Service Union, which represents mainly lower-grade white-collar civil servants, will press, probably on Tuesday, for the restraint to be enforced.

The union wants the High Court to give a declaration—injunctions cannot be granted against the Crown—stopping the issue of notices until the Central Arbitration Committee has decided on the union's reference to it, under the Employment Protection Act, for the disclosure of information on the MoD's decision to employ contract staff.

The case concerns 72 cleaners employed by the MoD

in Bath, whose jobs are threatened because of plans to have their work done by contractors as part of the Government's programme of Civil Service cuts.

The cleaners met on Wednesday and resolved to strike until the end of the week in protest.

The CSU at a meeting on March 12 won assurances from the MoD that it would not take

the matter further for 14 days, and asked for assurances that the cuts will be delayed until the CAC decision. It has since consulted its lawyers and will issue a writ if the assurances are not received.

Mr. Les Moody, CSU general secretary, said any High Court action would be on the one specific point of stopping the MoD's plan. He said: "The court would not be asked to deal with the dispute

itself, nor with what the CAC is being asked to decide."

The union has a preliminary meeting with the CAC today on its reference under Section 19 of the Act, but a decision is not expected for some time.

The Ministry of Defence said it was "reserving its position" on whether it went ahead with the issue of redundancy notices because the matter was still unresolved.

# De Lorean labour force 'could rise to 9,000'

BY OUR BELFAST CORRESPONDENT

MR. JOHN DE LOREAN, the former General Motors vice-president whose De Lorean Motor Company is shortly to begin production of sports cars in Northern Ireland, has predicted that his labour force in Belfast could rise to as high as 9,000 once full production of the proposed model range is achieved.

The venture, which is backed by £56m in Government finance, could lead to the production of 20,000 cars a year on the 70-acre site in the west of the city, he said in Belfast yesterday.

De Lorean's immediate plan is to assemble up to 30,000 stainless-steel skinned sports cars a year, employing 2,000 people.

However, the company intends to introduce new models, start-

ing with a conventional saloon based on the chassis, engine and major components of the existing sports car.

Mr. De Lorean said, "The Belfast site has a considerable potential. The average assembly plant in the U.S. is producing 300,000 units a year on a site of about 22 acres."

He forecast a rapid growth in Northern Ireland's car components sector as a result of his company's projected production rates.

He confirmed that De Lorean Motor Cars, the company registered in Northern Ireland, had applied for further Government aid—understood to be between £5m and £8m—to cover the effects of inflation on construction and tooling costs at the £60,000 sq. ft. plant.

If the application is accepted

by the Northern Ireland Department of Commerce under the terms of the agreement it signed with the company in August, 1978, the total contribution from the taxpayer could rise to at least £22m.

Pilot production of the exotic De Lorean sports car is about to start, with serial production due to begin in late summer. The company has almost 300 employees; and recruitment is expected to rise sharply in the autumn when the car will be introduced in the U.S.

Mr. De Lorean views the project as of vital importance to the Northern Ireland economy. He said that since announcing the project in 1978, up to 12 U.S. companies have contacted him seeking advice about investing in manufacturing projects in the province.

# Civil Service resists manning cuts

BY PHILIP BASSETT, LABOUR STAFF

HOWEVER fervently a government declares its intention to cut out waste and reduce bureaucracy, suspicion remains that the Civil Service will always be able to put up a smokescreen of effective resistance.

The revelation on Wednesday at a meeting of a sub-committee of the Commons' Treasury and Civil Service select committee that the staff provision in the 1980-81 estimates for the Civil Service over the coming year showed an increase rather than a fall in numbers has strengthened this view.

For this comes despite the government's election promises that it was determined to cut the size of the central administration.

The number of civil servants at the end of last year stood at 2,000 industrial and white-collar workers. Staff provisions in the estimates are a maximum figure: the actual numbers are usually lower. Even so, the difference in April last year between those budgeted for and those employed was only just over 1 per cent.

After the election the Conservative Government appeared to be moving quickly on its election pledge to cut the numbers of civil servants. Within a week of the election it froze all recruitment in one department—a move which was broadened within a fortnight to an across the board recruitment

ban coupled with a 3 per cent reduction in manpower costs. This was designed to fund in part the recent pay settlement which gave average increases of 25 per cent.

The cut took some time to work through. Staff employed were down to 724,000 by July and the expected cut of 20,000 posts was achieved only by October, when numbers were down to 712,000.

Apart from any programme of cuts, however, August and September are traditionally the two months with the highest recruitment. Furthermore, a recent Civil Service Department memorandum on the cuts said that, despite union claims of what would be bound to happen if numbers were cut, there is no reason to suppose that the recruitment ban and the 3 per cent cut "caused the quality of service provided by Government departments to suffer to a substantial extent."

A letter from Mr. J. K. Moore, private secretary to Lord Soames, then Lord President of the Council with responsibility for the Civil Service, to the Commons select committee, illustrates the difficulty of cutting the service.

The letter agrees that the Civil Service Department was subject both to the recruitment ban and to the 3 per cent manpower squeeze, but adds: "The number of its staff in post did not, however, fall during the

relevant financial year." It lists such crucial reasons as the increase in staff stemming from the Civil Service catering organisation's takeover of a number of loss-making departmental staff restaurants.

In June, the Government announced a review of Civil Service staff levels based on options of cuts of 10, 15 and 20

per cent. In the event, after much backstairs lobbying by Ministers on behalf of their own departments, the cut announced in December averaged only 4 per cent, or about 39,000 posts. The timetable was seen as financial year 1980/81, 9,000 posts; 1981/82, 11,000 posts; 1982/83, 16,000 posts; and 1983/84, the final 3,000 posts.

The Civil Service Department, for instance, estimates that its own projected cut of 280 posts by 1982/83 will be "necessarily weighted" towards the end of

that time because of the need for the department to oversee the general reductions throughout the service. Privately, however, officials from the Civil Service and other departments agree that there is little central impetus for departments to achieve their targets in this particular batch of cuts.

MPs at this week's sub-committee were sceptical in any case that the exercise, even greatly reduced as it is, was actually achieving anything although Sir John Herbecq, second permanent secretary at the Civil Service Department, was at pains to insist that the cuts announced were genuine.

Numbers employed fell in January this year to 708,000. But in spite of the cuts announced, by the end of this month numbers are expected to have risen to 712,000. Since the Civil Service Department projects another increase of 3,000 in this financial year, MPs estimate that Civil Service manpower has risen by 15,000 since the cuts were announced in December.

The committee was astonished by this admission, despite Civil Service officials quoting the statement made by Lord Soames in December that "though there may be short-term fluctu-

## ECONOMIES PROVE HARD TO PUT INTO EFFECT

per cent. In the event, after much backstairs lobbying by Ministers on behalf of their own departments, the cut announced in December averaged only 4 per cent, or about 39,000 posts. The timetable was seen as financial year 1980/81, 9,000 posts; 1981/82, 11,000 posts; 1982/83, 16,000 posts; and 1983/84, the final 3,000 posts.

## APPOINTMENTS Sir Alan Campbell joins NatWest Board

Sir Alan Campbell has been appointed to the main Board of NATIONAL WESTMINSTER BANK. Since his retirement last year as Britain's ambassador to Italy, he has become foreign affairs adviser to Rolls-Royce and a director of Mercantile and General Reinsurance (a subsidiary of Prudential Assurance) and H. Clarkson (Holdings).

Lord Chalfont, Minister of State at the Foreign and Commonwealth Office (1964-1970), has been appointed a non-executive director of SHANDWICK CONSULTANTS.

Mr. R. J. Marshall has been appointed president of LBI (CANADA) from April 1. He will also be chief representative of Lloyds Bank International in Toronto with responsibility for the bank's activities in Canada. He succeeds Mr. D. R. McCullum, who retires from those positions and retains his seat on the Board. Mr. Marshall was formerly principal manager of the bank's Far East Division.

Mr. D. J. F. Ewart, Conservative MP for Wirral, has been appointed a director of BET OMBUS SERVICES in place of Mr. D. E. Awdry, who has resigned.

Mr. R. H. Seltzer, assistant managing director of Cementation International, has been appointed managing director of CEMENTATION CONSTRUCTION, NOTION succeeding Mr. Peter Maguire who has left the Trafalgar House Group.

Mr. Graham Clarke FCA has been appointed financial director of WEST'S PILING AND CONSTRUCTION and Mr. Tom Brown has been appointed contracts director. The parent concern is WGL.

Mr. T. A. Leonard has been appointed to the Board of H. CLARKSON INTERNATIONAL REINSURANCES.

Mr. George E. Putnam, Jr., senior vice president of Citibank in New York, has returned to London to take up his post as chairman and chief executive officer of CITICORP INTERNATIONAL BANK, as well as head of the Europe-Middle East-Africa Division of Citibank's merchant banking group. He will

remain responsible for worldwide marketing co-ordination for international merchant banking as chairman of Citicorp International Group.

Mr. T. F. Bell has been appointed finance director of ROBT. BRADFORD HOBBS SAVILL, a subsidiary of the Sime Darby Group. He was previously with the Bland Payne Group.

Mr. Ronald J. Williams, previously marketing director of Polar Contract Motoring, has been appointed to the newly created post of sales director, GODFREY DAVIS (CONTRACT HIRE).

Mr. Brian K. Green is to become president of the POLAR CONTRACT SURVEYORS' INSTITUTE at the annual conference next month in place of Mr. William S. Sinclair. Mr. Desmond Holmes will be first vice-president and Mr. Michael Pittard, second vice-president.

IMI Limited and the Corneliussen Company of Minneapolis, U.S., have established a jointly-owned company called IMI CORNELIUSSEN GROUP, at Bradford, to manufacture and market products designed for the dispensing of beer and soft drinks in Europe. Mr. Roy Amos, an executive director of IMI Limited, is chairman and chief executive of the new company and Mr. Bob Spencer, formerly chairman of IMI Paxman and Redditch Controls, is its deputy chairman.

Mr. N. F. Wood, group managing director of PITTARD GROUP, is to be chairman from May 8 and will be succeeded by Mr. J. W. Pittard as managing director. Mr. A. H. R. Noel, managing director of C. W. Pittard and Co., becomes chairman of that company, and Mr. N. W. Palmer will be managing director. Mr. C. J. Pittard resigns as chairman of Pittard Group from that date but will remain on the Board. He will also become chairman and managing director of a new company, Pittard Group Services.

Mr. John Scott, a partner of Clifford-Turner, has been appointed a director of NEIL AND SPENCER HOLDINGS.

## BANK RETURN

Wednesday, Mar. 19, 1980

### BANKING DEPARTMENT

Liabilities	£	£
Capital	15,533,000	15,533,000
Public deposits	25,345,000	25,345,000
Special Deposits	131,855,000	131,855,000
Bankers' Deposits	377,755,933	377,755,933
Reserves & other Accounts	702,953,943	702,953,943
	1,252,441,042	1,252,441,042

ASSETS	£	£
Government Securities	615,226,810	615,226,810
Advances	22,658,480	22,658,480
Premises Equipment & Other Secs.	408,959,501	408,959,501
Notes	25,311,999	25,311,999
Other Securities	564,242	564,242
	1,252,441,042	1,252,441,042

### ISSUE DEPARTMENT

Liabilities	£	£
Notes Issued	9,750,000,000	9,750,000,000
In Circulation	9,724,666,001	9,724,666,001
In Banking Department	25,311,999	25,311,999
	9,750,000,000	9,750,000,000

## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1975=100); retail sales value (1975=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. orders	Retail vol.	Retail value	Unemp.	Vacs.
1978							
4th qtr.	110.3	103.1	110	101.7	132.3	1,340	230
1st qtr.	110.2	102.8	98	100.7	134.0	1,351	234
2nd qtr.	114.9	107.1	104	106.2	144.3	1,299	258
3rd qtr.	113.2	103.2	100	99.5	144.3	1,282	247
4th qtr.	113.1	104.1	100	101.7	151.9	1,286	230
Sept.	111.2	100.5	96	99.4	145.5	1,264	243
Oct.	112.1	102.8	98	100.8	149.1	1,282	237
Nov.	114.6	105.8	110	102.5	153.2	1,282	234
Dec.	112.5	103.8	100	101.7	153.1	1,294	219
1980							
Jan.	112.2	102.9	102.8	155.1	1,339	207	
Feb.					1,383	191	

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, retail sales value (1975=100); retail sales value (1975=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. goods	Metals	Textile	Housg.
1978							
4th qtr.	105.8	97.2	124.0	96.9	99.5	102.2	20.3
1st qtr.	106.0	98.3	127.2	98.9	99.6	100.1	12.9
2nd qtr.	108.8	103.0	122.8	102.7	108.2	103.1	21.3
3rd qtr.	105.6	95.9	122.7	94.5	105.4	106.6	21.0
4th qtr.	104.1	98.1	120.1	98.2	98.9	102.2	18.1
Sept.	104.0	97.0	121.0	96.0	106.0	102.0	22.2
Oct.	104.0	98.0	120.0	96.0	106.0	97.0	20.5
Nov.	107.0	103.0	123.0	101.0	101.0	98.0	19.2
Dec.	105.0	103.0	128.0	101.0	97.0	93.0	14.6
1980							
Jan.	107.0	103.0	127.0	102.0	61.0	98.0	13.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (€m); oil balance (€m); terms of trade (1975=100); exchange reserves. Export Import Visible Current Oil Terms Resv. volume volume balance balance balance balance US\$bn

	1978	1979	1980	1981	1982	1983	1984
4th qtr.	122.5	112.9	-206	+534	-458	106.5	15.77
1st qtr.	109.0	118.9	-1,598	-1,215	-235	107.0	16.78
2nd qtr.	135.2	128.9	-486	-310	-229	106.4	21.69
3rd qtr.	129.8	128.1	-493	-238	-158	106.8	23.18
4th qtr.	129.3	128.9	-745	-674	-157	103.7	22.54
Oct.	124.7	129.7	-418	-394	-96	104.4	22.49
Nov.	131.8	129.8	-75	-51	+27	104.1	22.42
Dec.	131.3	131.2	-252	-229	-88	102.6	22.72
1980							
Jan.	129.9	128.3	-321	-271	-74	106.9	22.71
Feb.	136.8	129.1	-225	-176	-52	100.6	23.93

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (€m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1	M3	Bank advances	DCE	BS	HP	MLR
1978							
4th qtr.	14.9	11.9	8.6	+1,774	878	1,584	121
1st qtr.	7.6	9.2	32.6	+1,525	777	1,581	13
2nd qtr.	8.7	12.9	25.5	+704	777	1,587	14
3rd qtr.	15.5	10.2	13.2	+2,407	932	1,879	14
4th qtr.	5.1	12.7	16.2	+3,053	839	1,984	17
Oct.	15.5	15.2	14.8	+1,565	544	663	14
Nov.	6.5	13.4	19.1	+1,243	134	698	17
Dec.	5.1	12.7	16.2	+245	161	593	17
1980							
Jan.	-8.1	8.9	22.6	+522	235	671	17
Feb.					199		17

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings	Basic matls.	Wholesale	RPI	Foodst	FT comdty	Strlg.
1978							
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.69	62.7
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	283.55	67.4
3rd qtr.	154.8	169.9	176.4	221.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	255.13	68.8
Sept.	153.6	172.5	178.2	233.2	232.6	301.66	69.8
Oct.	158.1	178.1	180.3	235.6	234.8	291.34	68.4
Nov.	162.1	186.0	181.6	237.7	237.0	297.22	68.4
Dec.	165.1	187.5	183.4	239.4	239.9	295.13	69.7
1980							
Jan.	162.6	183.4	183.5	245.3	244.8	308.69	71.4
Feb.	187.2	191.1	248.5	246.7	246.7	304.27	73.2

\* Not seasonally adjusted.

## Durban Roodepoort Deep Limited

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

The following is from the statement by the Chairman, Mr. D. T. Watt

The year ended 31st December 1979 was one of the most successful years for your company during which it achieved a total working profit of R10.1 million which was the highest in its long history of 31 years of operation. This achievement was due exclusively to the substantial increase in the price of gold over the year. The price received by the company for its gold production in 1979 averaged U.S.\$307 per ounce which was 55 per cent higher than the average price of U.S.\$198 per ounce received in 1978.



## UK NEWS - LABOUR

## NHS unions plan anti-Clegg campaign

By Pauline Clark, Labour Staff

PLANS for the first campaign of industrial action against a Clegg commission report were laid yesterday by union representatives of physiotherapists, radiographers and other supplementary workers in the health service.

The Association of Scientific, Technical and Managerial Staffs, one of the main unions representing the group, decided at a special health group meeting to draw up plans for a stoppage on March 27 and a day of demonstrations outside the Houses of Parliament.

The National and Local Government Officers' Association's health service representatives will consider the commission's recent findings on pay comparability for the group today. They are expected to take a similarly firm stand against accepting the report.

Although Professor Clegg's report on 37,000 supplementary medical staff, published last week, is supposed to bind both sides, union leaders say they cannot accept its findings.

The unions are angry at the 15.4 per cent award, which has been described by Mr. Steve Johnson, NALGO health officer and staff side secretary, as an "unmitigated disaster".

After yesterday's ASTMS meeting, Mr. Reg Bird, national officer for health service members, said the union would challenge the validity of the report.

Both unions claim the commission failed to fulfil its terms of reference.

Mr. Bird said ASTMS was angered by several points in the commission's award, including the increase to £1.50 for emergency duty and the suggestion that the pay increase should be reduced when staff were working less than 37½ hours.

The commission said yesterday that management and staff sides were both consulted during the inquiry and it felt it had fulfilled its terms of reference.

● ASTMS was granted leave by the High Court yesterday to challenge the decision of Mr. Patrick Jenkin, Social Services Secretary, to fix new emergency duty pay rates for 18,000 National Health Service laboratory scientific officers. Negotiations broke down in December, and Mr. Jenkin then fixed the rates proposed by management.

## New implications for Post Office cash talks

By Nick Garnett

THE POST OFFICE made it clear to union officials yesterday that the rejection earlier this week by its biggest union of a national staffing and productivity agreement will have major implications for this year's pay negotiations for postal workers.

Management met officials of the Union of Post Office Workers yesterday for what had originally been intended as its first formal response to the union's pay claim for rises of 20 per cent. This is due for settlement next month.

Negotiators told the union they could not make a formal offer because of the rejection of the new staffing proposals at the

union's special conference in Bournemouth.

They wanted time to fully digest the rejection of the arrangements which the Post Office and the union's executive saw as crucial to improving postal performance. A pay offer might now be made today.

Mr. Tom Jackson, the union's general secretary told the conference that the Post Office had budgeted for pay rises of 11 per cent.

The union executive had stressed during the conference that agreement on the staffing changes would give the Post Office greater financial leeway to deal with the claim. This failed to sway delegates.

Union officials came away

from the meeting convinced that the Post Office is now inclined towards introducing some of these rejected staffing changes. These include the use of casual labour this summer, new work and more flexible promotion.

The management has been considering introducing casual labour during the summer with out agreement with the union—which it can technically do.

There is also pressure to tie considerable staffing and productivity elements directly to the basic pay offer. This could result in producing an offer in which only a relatively small percentage rise would not be linked to agreement on staffing changes.

## Bonuses amount to 30% wage increases

By Our Labour Staff

PRODUCTIVITY bonuses being paid to Rolls-Royce's 55,000 workers in its aero-engine factories are amounting to pay rises of up to 30 per cent in some instances.

The company said yesterday that its self-financing bonus scheme was yielding increases of between 15 and 20 per cent to the majority of workers.

The bonus scheme dates from agreements reached with unions on pay in 1978 after the end of pay policy. It was decided then that future pay increases should come out of productivity and the system has since then become a substitute for the old annual pay agreements.

## Teachers' pay talks await Clegg advice

NEGOTIATIONS on the 1980 pay rise for 470,000 school teachers in England and Wales—due on April 1—were yesterday postponed until at least the third week in April, to await the recommendations of the Clegg Commission on Comparability, writes Michael Dixon, Education Correspondent.

The commission is still considering the teachers' unions' 1979 demand for a 33.7 per cent rise which they claimed was needed last April to restore the salary relative to those awarded to teachers by the Houghton Committee in 1974.

## Tin miners say they face cancer risk

MINERS at South Crofty, the largest tin mine in Cornwall, yesterday claimed that radioactivity in the workings could have caused at least 15 cases of cancer, five of them fatal, in recent years.

The claims were made as 150 miners remained on strike for a second day and refused to go underground without free-flow air helmets.

The radioactivity comes from radon gas, which itself comes from trace elements in granite. Levels of radioactivity are higher because of seepage from adjacent abandoned workings.

## Civil servants resisting pay comparability scheme

By Philip Bassett, Labour Staff

PRESSURE is building up in some Civil Service unions to pull out of the system of pay comparability, which is a key factor in determining annual increases for 600,000 white-collar civil servants.

The final stages of negotiations form any of the unions on this year's increase, based on the Pay Research Unit's comparability studies, are now drawing to a conclusion. The reports show increases due of around 20 per cent.

The two largest unions, the Civil and Public Services Association and the Society of Civil and Public Servants, both

have executive meetings today to discuss the progress of negotiations this week. And on Tuesday general secretaries of all the nine unions will meet to examine the overall position.

Whatever the final outcome of the present negotiations, however, there is at least a strong chance of two of the unions—the CPSSA and the Institution of Professional Civil Servants—having to yield to demands at their annual conferences later in the spring to withdraw from pay research.

Such a withdrawal, apart from the obvious split it would create, would have considerable

implications for other unions such as the Inland Revenue Staff Federation and the Association of Government Supervisors and Radio Officers, whose pay negotiations follow closely those of the two large unions.

Other groups, particularly those who feel they have suffered in being referred to the Clegg Commission on pay comparability, look with envy at the pay research system.

A large number of motions submitted for the CPSSA conference are urging withdrawal from the system. The closing date for motions was last Friday.

## Meat inspectors urged to act

By Our Labour Staff

INDUSTRIAL ACTION by local authority meat inspectors, which could seriously disrupt meat supplies, came closer yesterday when the Association of Meat Inspectors' management committee recommended a vote for action in any ballot it organised.

The union, the National and Local Government Officers' Association, may ballot its 600 meat inspector members—most of whom also belong to the AMI—on industrial action to support a 10-22 per cent comparability claim.

NALGO's strike operations

committee will decide next week whether to hold a ballot. The union said yesterday if the inspectors took action "the supply of home-produced meat will cease".

NALGO also said yesterday that air traffic controllers at local authority airports who strike at Easter in support of the comparability claim would receive full pay from the union.

The union is balloting its air traffic control members on a four-day strike at Easter. The controllers have already said they are ready to take industrial

action. The union strike pay used to approach members' full pay, but it was cut to £4 a week after a long and expensive social workers' strike last year.

The union also said two more local councils had settled independently following the deal with Cleethorpes council which gave payments of 10-15 per cent. The employers nationally have offered 6-12 per cent.

Members employed by Nuneaton district council will receive comparability payments of 8-16 per cent and those working for Bassetlaw district council 13 per cent.

## Prior looks at CBI unions plan

By John Elliott, Industrial Editor

THE GOVERNMENT is to study the practical implications of the Confederation of British Industry proposal that employers be required by law to help stage trade union ballots.

The idea was drawn up by the CBI council on Wednesday and put to Mr. James Prior, the Employment Secretary yesterday, by Sir John Methven, CBI director-general.

Mr. Prior is understood to have shown some interest in the idea, aimed at involving workers more in the decision-making of their trade unions.

Government officials will discuss the practical details with the CBI.

Possible problems include how legal sanctions could be imposed on employers who did not help with ballots, and how a company would assess whether its employees wanted a ballot.

Mr. Prior promised to study the CBI idea of removing all legal immunities from workers staging secondary industrial action.

● Christian Tyler writes: The habit of some employers of photographing pickets and keep-

ing a file of "troublemakers" could become more widespread, the pressure group Aims said yesterday.

It claimed that the Government's failure to make illegal picketing a criminal offence would force companies to keep a "Who's Who of rent-a-mob pickets," and that this would lead to violence.

The difficulty of "identifying" pickets was raised in a submission to Mr. James Prior, the Employment Secretary, on the Government's Employment Bill.



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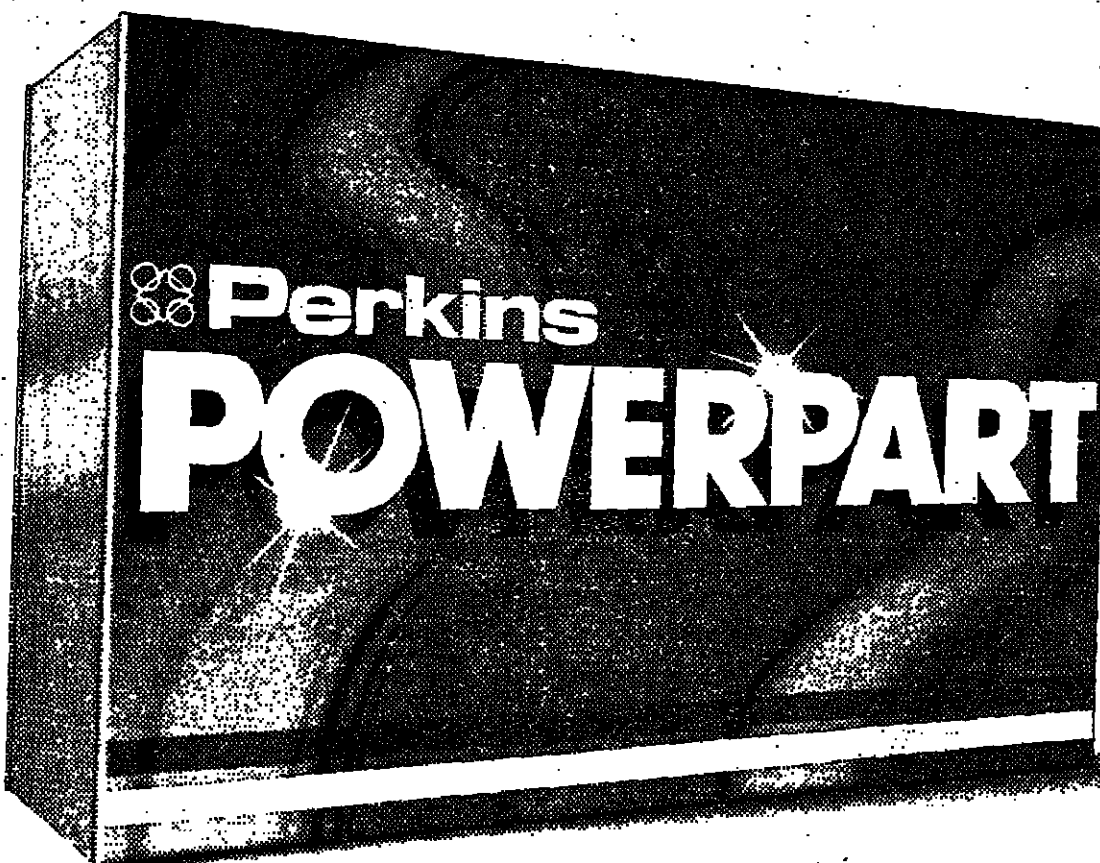
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## Cheers as Thatcher rebukes Churchill

By Our Foreign Staff

MR. WINSTON CHURCHILL, Tory MP for Stretford, received a stinging rebuke from the Prime Minister in the Commons yesterday.

Mrs. Thatcher told Mr. Churchill that she took "great offence" to his remarks on the result of British policy in Rhodesia.

Her rebuke—to the man she sacked as Shadow Defence Minister for defying her over Rhodesian sanctions—drew gasps from some MPs and cheers from the Opposition at Question Time.

Mrs. Thatcher was clearly angered when Mr. Churchill asked: "In the light of the Foreign Office's disastrous misjudgment over Rhodesia and bearing in mind the Prime Minister's oft-avowed friendship for the state of Israel, will she make it clear that it is not part of Government policy to seek to undermine the Camp David agreement and peace of the Middle East by seeking to install a Marxist-terrorist Government on the West Bank?"

Mrs. Thatcher retorted: "I take great offence if I may say so at your remarks on the Foreign Office and therefore my policy on Rhodesia."

[She added: "With regard to policy on the West Bank you know there are to be further talks on the Camp David agreement, and we all indeed hope there will be agreement."

## Complaints on milk deliveries

RETAILERS YESTERDAY complained to MPs that the majority of the large dairy companies have refused to supply them with bottled milk and instead delivered only higher priced carton milk.

Retailers' organisations gave evidence to the Commons Select Committee on Agriculture which is looking at the effects of the Common Agriculture Policy on milk and dairy products. They argued that unless a greater profit margin was achieved for the retail grocer in milk sales, there would be a marked decline in stores offering bottled milk for sale. At present the margin per pint is half a penny.



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## Interest rates 'will rise' if inflation battle fails

By JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CREATION of conditions in which employment will begin growing again will be one of the objectives behind next Wednesday's Budget, Sir Geoffrey Howe, Chancellor of the Exchequer, told the Commons yesterday.

He was answering protests from Labour MPs about the effect of Government policies on employment.

The exchanges came during the usual Treasury Question Time the week before the Budget.

Complaints about high interest rates drew an intriguing reply from Mr. Nigel Lawson, Financial Secretary to the Treasury. It was suggested to him from the Conservative backbenches that if interest rates do have to rise again, then the Government should do something to protect small businessmen who are the hardest hit by the 17 per cent M.L.R.

Mr. Lawson replied that he profoundly hoped that it would not be necessary for interest rates to rise again but that the battle against inflation had to be the Government's top priority.

He added: "If it is necessary in the battle against inflation for interest rates to rise further, then they will have to rise."

Defending Government policies, the Chancellor told the House: "There are encouraging signs of progress in re-establishing monetary control."

Sir Geoffrey said that in the past four months, Sterling M3, the broad-based definition of money supply, had increased at an annual rate of 10 per cent and this represented a considerable slow-down in the rate of growth.

The most powerful underlying cause of inflation was the monetary growth inherited from the Labour Government. But a contributory factor in the short-term must be the level of pay settlements beyond what the country could afford.

Pay bargainers should understand that the consequences of unreasonably high settlements would be a high level of unemployment.

Mr. Dennis Canavan (Lab., Stirlingshire West) complained yesterday's announcement by Barclays Bank of an annual profit of £529m compared with £373m the previous year. He repeated Labour's call for a windfall tax on excess bank profits.

The Chancellor told him that he could not anticipate his Budget. But it was clear from the tone of Sir Geoffrey's reply that he was cool towards the idea of any such tax.

He pointed out that the figures substantially over-stated the profit taken into account. It was important that these profits should be available for lending when the economy picked up.

This message was underlined later by Mr. Lawson, who said

he and the Chancellor always moved cautiously on these matters. Any such tax on the banks would involve great technical complexities.

There was a hint from Mr. John Biffen, Chief Secretary to the Treasury, that the Budget could contain measures to help small businesses.

He said the Government had been considering what further steps it could take to encourage what further steps it could take to encourage small businesses but he could not reveal any details in advance of the Budget.

Mr. Ken Lewis (C., Rutland and Stamford) said that small businesses did not have some of the tax advantages of large manufacturing industry.

Mr. Biffen assured him that this had been under consideration and he was sure it would be borne in mind during the committee stage of the Finance Bill and thereafter.

Questioned about the high level of bankruptcies, Mr. Biffen once again took a stern line on the difficulties which lie ahead.

Any policy to reduce inflation would result in a period of extremely uncomfortable dislocation from fever. But these were one manifestation of this. Anyone who was genuine about reducing inflation and did not run away at the first moment must expect that uncomfortable consequences would have to be lived through.

## Walker demands a fairer deal

By IVOR OWEN

IF ANY member of the EEC ought to quit for not observing the Community rules, it should be France and not Britain, Mr. Peter Walker, Minister of Agriculture, maintained in the Commons last night.

In an aggressive speech he echoed the determination of the Prime Minister in demanding a fairer deal for Britain from her EEC partners.

Mr. Walker again called on France to remove the illegal barriers against Britain's lamb exports and in doing so hit at M. Jacques Chirac, the Gaullist leader, who on Tuesday suggested that France and Germany should tell Britain to get out of the Community.

Mr. Walker quoted a Financial Times headline stating "Accept the rules or quit the game, Chirac tells UK."

He commented: "I say to M. Chirac 'That is a very good motto.'"

"The only country in Europe at the present time which is not accepting the rules and which is acting illegally and the only Government in the history of the Community which has decided to ignore a decision of the European Court for more than six months, is France."

Mr. Walker stressed that the question of Britain's lamb exports was not just a dispute between France and Britain. The EEC Commission and the other member states took the view that France was acting illegally and wrongly.

Mr. Walker anticipated that the result of the EEC Commission's application for an injunction against the French Government

—expected to be heard in Luxembourg on Monday—would be decided in a week or so.

"I do trust that when the decision is announced, the French Government will take the advice of M. Chirac and realise that it is very important that every member of the Community accepts the rules of the Community and abides by them."

There was no question, he said, of Britain not being a member of the Community, nor of Britain being a member of the Community and abiding by the rules of the Community.

But Britain produced 47 per cent of the sheep meat in the Community and this fact must be recognised in any sheep meat regime.

From the outset Britain had made it clear to the French Government and to the entire Community that there was no wish to undermine the position of the French sheep meat producers.

The French Government was free to introduce any scheme to support French producers to whatever level it wished, but any Community-financed scheme must apply to all the sheep meat producers in all the member countries.

Mr. Walker—who pointed out that the cost of the EEC lamb budget had risen from £1.5bn in 1974 to £7bn in 1979—admitted that there was little prospect of achieving "dramatic change" in the CAP in the near future.

It was because Britain was the country which suffered the most adverse results from the operation of the CAP that the Government was determined to



WALKER: warned of tough negotiations ahead

new policies only if these were fully consistent with the essential interest of the UK.

He agreed to accept Opposition amendment calling for a price freeze on milk, sugar, two commodities which account for half the total cost of the CAP.

Summing up the current state of the price negotiations, Mr. Walker said that in the main the majority of the Nine wanted substantial increases in prices beyond what the EEC Commission had proposed.

"We have many weeks' work ahead of us," he warned.

Mr. Roy Mason, Labour Shadow Minister of Agriculture, welcomed the Government's acceptance of the Opposition amendment which would be seen as an indication that Mr. Walker had the backing of the whole House.

"The more we unite, the more support we give him in the battles of Brussels," he said.

Mr. Mason pressed for a complete re-appraisal of the CAP. Radical changes were needed. "If these changes are not achieved," he said, "we would have to consider whether continued membership of the Common Market was in the best interests of Britain."

Mr. Mason emphasised that the problems associated with Community surpluses, especially dairy products and sugar, demanded urgent solution.

They were an expensive scandal, which the British taxpayer and consumer would not stand any longer.

## Monetary policy TV tussle

By DAVID MARSH

A TELEVISION tussle in which Sir Geoffrey Howe, Professor Milton Friedman and Mr. Denis Healey all disagree with each other about how to control inflation will be served up to BBC2 viewers tomorrow night.

In the programme, the final part of the series "Free to Choose," in which Professor Friedman is setting out his free-market prescription in favour of sound money, Sir Geoffrey concedes that monetary policy alone is not enough to curb inflation.

Finding it hard to get a word in edgewise against the belligerent Mr. Healey and the insistent Professor Friedman, the Chancellor says that the weapons of monetary policy have to be augmented by efforts to cut back state control and trade union restrictive practices.

That provides sufficient

fuel for a conflict. Professor Friedman, proclaiming that monetary restraint is the sole condition for lowering inflation, says that governments can halt the march of price rises simply by curbing the printing of money. The economics Nobel Prize winner is not beyond using sweeping historical analogies—it's as simple, he says, as it was during the American Civil War when the Unionists overran the town where the Confederates had set up their printing presses—and thus halted inflation in the South for two weeks until the Confederates could find alternative money printing arrangements.

Mr. Healey, though proudly making the point that he was the first British Chancellor to introduce targets, thoroughly disagrees.

He comes out in favour of

a mixed policy of demand management and monetary control combined with "some sort of pay policy." He cites the cases of Austria and West Germany in particular.

Although Sir Geoffrey somewhat dutifully accuses him at one point during the debate of being "incurable," Mr. Healey is loath to avoid the chance of indulging in what Sir Geoffrey, also in a tone of hurt disparagement, calls "political knock-about."

Mr. Healey declares that he is not against giving a man a dose of quinine if he is suffering from fever. But the present Government's policy for "three years of unparalleled austerity" is equivalent to giving a man "a pint of quinine for breakfast, a pint for lunch and a pint for dinner and telling him he's not to eat or drink anything else for three years."

## Ban on rugby players

RUGBY players in the armed forces or civil service who are called on to join the British Lions team to tour South Africa will face the same ban on paid leave as British athletes who want to go to the Moscow Olympics, the Government said yesterday.

Although the 30-strong Lions team announced on Monday contains no civil servants or servicemen, it is common for extra players to join the tour midway to replace players who get injured.

One member of the party, England winger John Carleton, already faces losing his teaching job because his employers, the local education authority, have refused to allow him paid leave for the tour.

But Carleton says he is determined to go on the three-month tour.

## EEC farm prices boost rejected

By PHILIP RAWSTORNE

MRS. MARGARET THATCHER yesterday clearly reaffirmed the Government's tough stand on the EEC budget and farm prices.

In a series of Commons exchanges with Mr. James Callaghan, the Prime Minister set out the main lines of Government policy.

In the last resort, the Government would have to consider withholding her VAT contributions to the EEC, she said.

And she started firmly on any idea that the Government would accept the 7.9 per cent increase in farm prices proposed by the European Parliament's agriculture committee.

Challenged by Mr. Callaghan to clarify "conflicting reports" on the Government's approach to the issues, Mrs. Thatcher repeated that she was "prepared for a compromise, but we have

little room for manoeuvre."

She declared: "In the last resort, we shall have to consider withholding our VAT contributions and there be no doubt about that."

"As far as the budget is concerned and a number of other matters which we do need to settle—fish, agricultural prices, sheepmeat—we shall continue to treat each item on its merits."

It was the Government's intention to stick to its demands for a price freeze on agricultural products which were at present in surplus, she added.

Mr. Callaghan retorted that the Commons had twice resolved that Britain's contributions should at least be no greater than her receipts from the EEC budget.

"I adhere strictly to the phrase I used after Dublin,"

said Mrs. Thatcher—"There has to be a compromise but I have not very much room to manoeuvre."

Mr. Callaghan said that he did not wish to tie the Government's hands in its negotiations. "But if you wish still to command our support, it is important to know where you are leading us."

The Prime Minister was pressed on the question of farm prices by Mr. Fergus Montgomerie (C., Altrincham and Sale).

The European Parliament's agriculture committee proposed a 7.9 per cent increase would raise food prices in Britain by 3.5 per cent, he said.

Mrs. Thatcher replied: "I can give you the assurance that we have no intention of supporting any such figure—or anything like it."

## ELINOR GOODMAN ON THE UNDERHILL REPORT

## Crusade to expose the Trotskyists

LORD UNDERHILL'S five-year crusade to expose the Trotskyists within the Labour Party came to a head yesterday. With the half-hearted consent of the party's national executive, Labour's former national agent published the mountain of evidence he has collected to support his claim that members of the militant tendency are using the Labour Party to further their aim of precipitating a world revolution.

The 20 documents—all published by Militant itself—give strong support to the view that Militant is in clear breach of the Labour Party's rules. They also suggest that unless the party improves its own organisation and educational efforts among the young, Militant could cause considerable problems in some areas in the future.

He believes that they will never gain control of the Labour Party, but he is very concerned about the damage effects he feels they could have on the Labour movement—both in terms of losing votes and deterring would-be members. At present, he believes, they are an influence in perhaps 80 constituencies.

Publication of the report is likely to increase the pressure on the National Executive from moderate MPs—particularly those with Militant members causing them trouble in their constituencies—to expose Militant and make it clear that they have no role in today's Labour Party.

In short term, the report could prove to be a vote loser in so far as it feeds the "reds under the beds" stories, though Lord Underhill deliberately waited until after Southend East by-election to publish it and the documents themselves are not written in such a way as to encourage mass readership.

Some Left-wingers may also want to dissociate themselves from Militant on the grounds that it gives the Left a bad name and could lose the party votes. But other Labour MPs may argue that the documents just prove how irrelevant Militant is in the real world and that, as a "broad church," the party should be able to accommodate such types.

Certainly, Militant supporters seem to speak a different language from the majority of Labour MPs (whom they despise), let alone the average Labour voter. For them Healey is a term of abuse, but it refers not to the policies of the former Chancellor but to Jerry Healey, the leader of another Left-wing faction.

The report shows that the group has links with others abroad equally pledged to world revolution. The Labour Party itself is a member of Socialist International and Militant has found it necessary to join a new international organisation which it sees as the "germ of the mighty workers' international which will, within the next decade, become the decisive force on this planet."

The group approaches its subjects with a deadly earnestness which makes no allowances for slackers, revisionists or wavering. Members are told, with the sternness which runs through all the documents, that

they must have a very good excuse for not attending meetings. They are advised on the precise procedure for winning new recruits in articles like "our work among black youth" and "unemployed and student caucuses."

Some of the evidence in Lord Underhill's report goes back to 1973 although the most recent document in the dossier refers to 1978. Since then, several disillusioned former members have come forward with more anecdotal evidence about Militant.

From facts mentioned in the various documents, Lord Underhill estimates that there are nine political workers at the Party's centre together with another four employees working at Militant's own print shop.

In addition, he believes, there is one person working on the international side, together with eight regional field workers as well as a number of full time paper sellers.

A staff of this size might not seem to pose a threat to the mighty Transport House. However, party rules forbid any group within the Party from having its own organisation, its national organisation, Lord Underhill claims, is composed of trained "cadres" (their word not his), are organisations and local editorial boards with a national editorial board at the top. The groups also hold training schools, and set to work in a variety of various spheres, most notably trade unions and trade councils.

All this is carried out within the framework of its membership of the Labour Party. Its links within the Labour Party are fundamental to its strategy. "The working class, particularly in Britain," one document says, "always moves through its official and transitional organisations first." Entryism in Militant circles is not, therefore, a dirty word. It is a goal, and members are instructed about how best to create cadres within the Labour Party.

The documents are less precise about the degree to which Militant has succeeded in penetrating either the Labour Party or the trade union movement. The latest figures in the documents relating to membership are for 1975 when Militant was claiming 600 members and 22 full time workers. Lord Underhill now estimates membership is nearer 2,000.

## Perspective

Nevertheless, the Executive has repeatedly refused to indulge in what it has claimed would be a "witch hunt" of the Left before. In 1975, Lord Underhill submitted a document on Entryist Activities to the Executive which it—and later the party's conference—decided not to pursue then.

The Executive was hardly keen to say the least, about Lord Underhill publishing his report yesterday and the organisation sub-committee may argue against pursuing the matter any further at its next meeting.

In some areas, it has been more successful in getting representatives on to the local trade councils and much of its recruitment effort has been directed at the unions. In 1976, for example, it was claiming with pride that it had been politically significant thing about TASS's annual conference was the fact that a resolution containing Militant's point of view on the economy was passed.

But it has been among young people that Militant claims its biggest successes. In 1978, Militant told readers of the Bulletin that it controlled 22 youth branches in the West Midlands, while in the West and North Yorkshire it was claiming a massive majority in the regional youth field.

Labour rules prevent groups within the party having their own policies, organisation or separate propaganda machines. They also bar any group which puts up candidates of its own against official Labour ones. This is an offence which Militant—unlike the Right-wing Social Democratic Alliance—has been very careful not to commit, although a number of its supporters have stood as unsuccessful Labour candidates.

## Threat

Yesterday, Mr. Eric Heffer, the chairman of the organisation sub-committee, said it was important that the whole question of "tendencies" did not get out of perspective.

Much of yesterday's report has already appeared in various other organs of the party. But Lord Underhill has updated his evidence over the last few weeks. He is hoping that the sheer weight of the evidence he has now produced will persuade the Party it must act now to stop Militant's influence from growing.

Yesterday, he challenged the Executive to endorse his view that Militant's views had nothing to do with Labour Party policy and to do everything they could to expose them. He stopped short, however, of demanding their expulsion from the party even though he claimed his evidence showed that they were in breach of the rules.

The report will be sent to constituencies throughout the country. Lord Underhill's aim is to alert them to the danger Militant poses. Those constituencies with Militant members already active in them are probably only too well aware of the problems created.

More worrying for the Labour movement as a whole, however, is its failure to attract young people to its own ranks. And this is a concern which all members of Labour's sometimes strife-torn Executive share.

## Census won't include ethnic origin query

By LISA WOOD

A CONTROVERSIAL question on a person's race or ethnic origin has been abandoned by the Government in its proposals for the 1981 Census of Population.

Mr. Patrick Jenkin, Secretary of State for Social Services, laid a draft order in Parliament yesterday to enable the census to take place on April 5, 1981. He said: "There will be no ethnic question."

The Government has also abandoned questions on year of entry to the UK and naturalisation or registration as a citizen of the UK and Colonies, and nationality for those born outside the UK and the Irish Republic.

The proposal that the 1981 census should contain a question on race or ethnic origin was made in a White Paper in 1978. But the former Labour Government said that the form of the question would be decided after finding out whether or not the question was acceptable to the public.

A series of tests and surveys were carried out, the last at Haringey in 1979. The test aroused much controversy and only 54 per cent of the 56,000 households in the area returned their forms compared with the 70 per cent which was expected. Only 14 per cent of the West

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## ENERGY REVIEW: NORTH SEA SEVENTH ROUND

BY ALAN FRIEDMAN AND JOHN MAKIN

## British independents in the thick of it

SOME OF the hottest action in the imminent Seventh Round of North Sea oil block licensing may come from a group of minnow-sized British independent oil exploration companies. After nearly a decade of playing on the sidelines, this new generation of British oil explorers is coming into its own.

Although the two dozen small companies have achieved only a 3 per cent share of proven oil reserves in the North Sea and merely 1 per cent of natural gas, the current political climate for British oil groups is making them most attractive partners for established majors seeking a presence in the North Sea.

The small independents, which took stakes in only six of the 42 blocks awarded in the Sixth Round, are being encouraged to participate more fully in the Seventh because of the Department of Energy's stated preference for British rather than foreign oil groups. These small companies, few though they are compared with more than 10,000 independents in North America, are a remarkable phenomenon in that they have often grown from scratch with firm and innovative financing from the normally cautious City.

The small companies hope to play a major role during the next decade though several feel that the pace of North Sea development is currently being kept too slow. Only 70 blocks, each about 55,000 acres in size, are expected to be on offer in the Seventh Round, compared with 2,772 allotted since 1964.

"We should like to see the exploration tempo increased," Mr. Roland Shaw, chairman of Premier Consolidated Oilfields, says.

Financing for the exploration companies has traditionally been difficult to arrange. Although the rewards can be

high, so are the risks and many of the orthodox funding sources are not usually open to small exploration companies.

Mr. Algy Cluff, chairman of Cluff Oil, says: "We are rather like the film industry in a sense. The public is naturally suspicious of a company which does not have a proven track record. It is the same for oil exploration as it is for making a movie."

The smaller British independents are a melange of companies with widely different pasts and profiles. The two giants, BP and Shell, clearly belong elsewhere, but there are companies with features similar to an oil major, such as Ultramar, as well as groups involved almost exclusively in North Sea exploration. Some are recent creations of individual entrepreneurs or City institutions; others have a long history of mineral exploration which has led them to the oil business. Their views are represented through the Association of British Independent Oil Exploration Companies (BRINDEK), an organisation founded five years ago and representing 28 companies.

## Earnings

BRINDEK acts mainly as an umbrella organisation for companies heavily involved in exploration, particularly in the British offshore area. These groups may be small in terms of staff and working capital, but their enormous earnings potential has created huge stock market capitalisations. A few weeks ago, Siebens Oil and Gas (UK) share price was trading at 930p, which capitalised the company at £84m — about as much as a major international group such as Dunlop.

The Siebens share price then

fell 340p to 590p in one week, a drop mirrored to a lesser degree by the performance of other exploration stocks. They are mostly young companies with glamorous ratings often based on an unproven ability to find oil in trying conditions somewhere off the UK coast. Investors have done very well out of them over the past year, but they remain a gamble.

The minnows of the oil business may recognise that they could be swallowed by the whales at any time, but equally they see the merits of co-operation. The bidding consortia for the Seventh Round are now almost fully assembled and, when the partnerships are announced, they will mostly contain a sprinkling of international majors and small British independents.

Consortium members are cagey about the precise composition of the groupings, but Premier Consolidated, for example, has put together what will probably be a typical cocktail. It will be leading a consortium which also includes a major national oil company and a group financed jointly by institutions, a large foreign refiner and a merchant bank.

The links between the individual companies have been forged over 10 years of co-operation. The sometimes idiosyncratic men who run the smaller companies place great store by personal relationships both within the industry and with financing institutions. The bonds may be strengthened by consortium companies, such as the Cluff Charterhall CCP venture, or by strategic equity stakes. Premier, for example, has a significant interest in London and Scottish Marine Oil (LASMO). Finally, one man may facilitate communication by sitting on more than one board. Newcomers may find



Mr. Algy Cluff of Cluff Oil: "Rather like the film industry."



Mr. Roland Shaw of Premier Consolidated: "We should like... the tempo increased."

these complicated structures hard to penetrate.

The companies in this select group have in common a background which has imposed considerable strains on the imaginations of both their own finance directors and City institutions. Unlike an oil major, which finances exploration through cash flow from its other activities, the small company has to cast around for long-term outside investment. Backers must be prepared to put up a large slice of initial capital and to wait for up to ten years before it shows any return.

If exploration is unsuccessful, the backer could lose the whole of his investment. It is a kind of financing unique to the exploration business.

LASMO illustrates how these financial obstacles can be overcome and how the obstacles themselves change as the com-

pany matures. The group was founded in 1971 in co-operation with Ranger Oil, a Canadian company and Cazenove, the London stockbrokers. The initial capital of £12.8m was sufficient to finance exploration, which produced a substantial find in the Ninian Field in January 1974.

At that point LASMO needed to find huge sums to meet its development costs. The banks were reluctant to help because of the uncertainty surrounding both Petroleum Revenue Tax and the role to be played in the North Sea by the British National Oil Corporation.

LASMO therefore arranged a short-term ad hoc financing from shareholders. By January 1976 LASMO's development work in Ninian had advanced to the point where it could issue £75m of loan stock,

admittedly at very high interest rates. It also needed to add a sweetener by offering stockholders a direct interest in royalties from the sale of Ninian oil.

The company used its £75m to repay borrowings and, still without any cash flow, it succeeded in obtaining a stock market listing in July 1977 through the issue of 8.5m shares. The group was then in a position to obtain bank borrowings against the collateral of Ninian oil. Two years later, LASMO was producing oil from Ninian and generating enough cash flow to contemplate paying dividends and taking over another company, Oil Exploration.

In the past decade, the financing process has become easier. Stockbrokers and banks have become more experienced in packaging companies and the banks will lend at an earlier stage: oil is bankable as soon as it is discovered or even when seismic reports are encouraging.

Whereas LASMO obtained a full listing for its shares in 1977, most companies now obtain a quotation under the Stock Exchange Rule 163(ii), which requires less detailed disclosure. A new category, 163(iii), has recently been created and was used last month by Berkeley Exploration, an offshoot of the ECA group. The issue was oversubscribed 40 times, a far cry from the mid-1970s when LASMO was struggling to find support.

Rights issues have become a common method of raising money. Last month Premier Consolidated made a £42m cash call which was 87.2 per cent subscribed, rapidly followed by a £2.24m issue from Cluff. In each case the companies were stoking to meet their Seventh Round commitments.

Although a decade ago raising funds was more difficult, LASMO created additional problems for itself by not using a financing technique known as farming out. Stated simply, it allows a company with an exploration interest to sell part of its holding to another company in exchange for the funding of exploration or development costs.

Premier Consolidated Oilfields made a profit by farming out six wells which subsequently were found to be dry. The British investment trust movement has been perhaps the most forward agent for providing financial backing to small oil companies. By giving the companies financial support, the investment trusts are returning to their original 18th century role as providers of investment capital for British entrepreneurs.

Investment trusts can buy directly into small oil companies or they can take a more indirect approach.

## City's role

Another side to financial packaging is the role played by merchant banks, such as Barings and Kleinworts, Barings, with significant holdings in Cluff Oil, believes that the City has an important role to play in North Sea exploration. "Merchant Banks should be involved in bringing consortia together for the block allocations," says Mr. Derek McLennan of Barings.

Despite the promise of Seventh Round exploration, the oil business remains, at best, a chancy proposition. The history of North Sea exploration includes besides the winners a number of companies which foundered ignominiously on the continental shelf. Ball and Collins was set up in 1966 as a UK-based oil exploration group. Where will they be in 1990?

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	Half Year to 30th Sept 1979	1978	Year to 31/3/79
Group Sales	2,000	2,000	2,000
	7,938	6,719	12,732
Group Net Profit before Taxation	321	274	584
Extraordinary Item	(167)	(143)	(12)
Corporation Tax at 52%			(196)
Group Net Profit after Taxation	154	131	376

The Directors have declared an interim dividend of 5.5% (0.275p per share), to be paid on the share capital as increased by the one for ten scrip issue made in November, 1979. Last year's dividend, after adjusting for the scrip issue mentioned above, is effectively 5% (0.250p per share). The dividend will be paid on the 31st March, 1980, to shareholders on the register of members at 20th March, 1980.



Brandon Way, West Bromwich,  
West Midlands B70 9PG.

## The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books — and forget it. But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children — for them their war lives on, every day and all day.

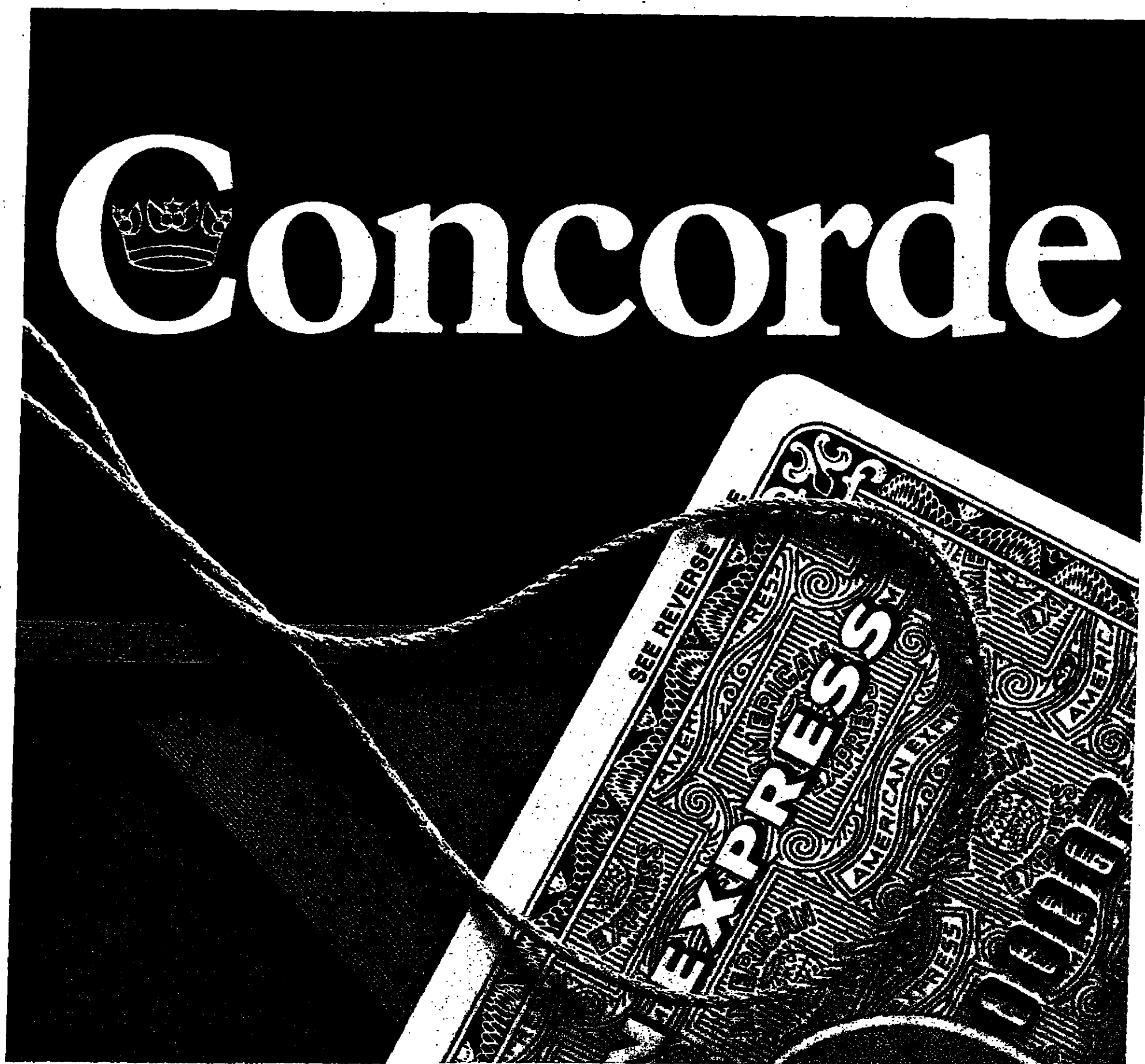
In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## CONSTRUCTION Services put in faster

THE CABLE support division of BICC Components has combined with Vantrunk Lion in Singapore and Vantrunk Engineering in Harlow to become known as BICC Vantrunk, thus creating a world-wide facility for its range of cable and pipe support equipment.

Joint output of the company's three factories produces everything connected with cables from the smallest clip, by way of Lepack channel, cleats, ties and perforated tray, to the largest Vantrunk heavy duty ladder. Immediate result of the new merger is intensification in the research and development of new products, says the company, which has just launched Intelok and Vanlad.

First genuine improvement in channel type cable support systems since their invention is how the company describes Intelok which consists of steel channels and interlocking nuts.

This is designed for applica-

tions where security is required on support frame-work for all types of mechanical and electrical installations and requires only a spanner to erect on site without the need for drilling or welding.

It is a square channel system with dimensions of 41.2 x 41.2 mm, made from 2.65 mm thick material (fully compatible with the standard Lepack system). The return lips on the channel, however, are serrated and when they are engaged with the matching teeth on the special channel nut they form a distinctive positive locking system.

A fourth cable ladder (in strength somewhere between Vanrak and Vanspan) has been introduced. Said to embody completely new manufacturing techniques which enable it to be sold at a realistic price yet allow it to be delivered in kit form for assembly overseas or even on site, it is called Vanlad.

As with Vanrak, there is a limited range of standard sections, but anything available in Vantrunk or Vanspan can be made to order in Vanlad up to 600 mm in width. Also, articulated straight sections are available as substitutes for elbows and risers, and may replace them, says the company, if they prove to be commercially successful.

BICC Vantrunk, Edinburgh Way, Harlow, Essex (0279 24652).

Deborah Pickering

## TRANSPORT

### Black box for diesels

ONE OF the main problems in the integration of electronics to diesel engine fuelling lies in the development of the right sensors and actuators, according to Dr. B. A. Jarrett, technical director of Lucas CAV.

Although sensors for measuring parameters such as engine speed and temperature were available, special sensors must be developed for measuring the timing of injection and the quantity of fuel injected into each cylinder, he told a Detroit audience recently.

Major programmes to develop this special hardware had been under way at Lucas CAV for several years. One programme resulted in the high speed, high force actuator called the Helenoid, described in 1979.

Lucas believed that a "brainless" distributor pump, that is one which just raises fuel to

injection pressure and delivers it, but with timing and fuelling controlled by a thinking and sophisticated electronic system, may prove to be the most cost-effective, Dr. Jarrett said.

Signals proportional to fuelling pump speed and advance position would be obtained by means of sensors and taken to an electronic control box.

There, they would be compared with the driver's demand and other inputs, such as engine temperature and boost pressure. Output signals are then taken to actuators to set the fuel delivery and timing for optimum conditions. Maximum fuel delivery curve as a function of speed, and the timing map as a function of speed and load would be in the memory of the microprocessor.

Lucas CAV, POB 36, Warple Way, London W3 7SS. 01-749 3111.

## COMPUTING ICL move to woo business

VERSATILITY AT less cost is the claim for the ME29 intermediate-sized business computers launched worldwide yesterday by International Computers of Britain.

The machines are a replacement of the eight-year-old 2903/4 models of which 3,000 have now been sold.

Starting at £35,000, with a top of the range price of £4m, they will be about 40 per cent cheaper but offer five times the through-put of the machines they replace.

Existing users of 2903/4 can move to the ME29 with existing programs. ICL expects about half of the ME29 sales to happen this way.

Once installed, says ICL, they will need no professional computer staff on site in order to carry out all normal data



Supporting the launch of ICL's new ME29 medium computers is this brand-new automatic plating line for printed circuit boards at the company's Kildgrove factory recently brought into production.

processing, word processing, teleprocessing, networking and visual information extraction. Colour monitors are used to support these activities and to operate private Viewdata facilities on software being designed by the Thorn group.

The operating system, called TME, will allow over 200 work

stations with displays to be connected (12 on direct data entry) with some 50 programmes, and will permit ME29 to operate as part of a distributed processing network or as a satellite to both ICL and other makers' computers.

Company chairman, Philip Chappell, sees ME29 as a

significant strategic development for ICL in the 1980s, hinting that similar products will follow in other areas of the range. In ME29 "we have a price distributed processing network or as a satellite to both ICL and other makers' computers."

ICL House, Putney, London, SW15 1SW (01-788 7272).

## PACKAGING Vacuum jars filled at high speed

FAST filling of jars is one thing; fast filling of jars for vacuum preservation of a range of delicately-flavoured foods is a different proposition.

Goodfare Products of Manchester, which claims to be the largest smoker of salmon in Europe, and which produces around 14m vacuum jars a year of a whole series of foods and condiments, had to go in-house for the best solution.

Initial design and assembly of the production line for filling and capping container jars was done by the company's own chief engineer, Mr. Colin Evans. It took three months to design and assemble the twin-track arrangement and a week to install it.

Filling takes place at three points along the track into the 1 gallon, 60 oz, 40 oz and 10 oz jars. Two vacuum capping machines facilitate the covering of both large and small jars, the cappers being situated at either end of the jar filling track.

Capacity for capping and filling what are admittedly difficult products from sauce tartare to roll-top herrings runs at over 90 jars per minute.

Further details from Goodfare Products (Manchester), Morton Road, Middleton Junction, Manchester. 061 643 5252.

## Skin packer works fast

RIDAT Model 2412 has a continuous motion conveyor system, enabling it to operate at 5-20 cycles per minute packing products which would jolt out of position on an intermittent motion machine.

The only manual operation is placing the products on the cards by the operators. All other stages of the skin packaging process are completely automatic, from loading the cards on the continuous conveyor to the discharge of the completed, cut-out skin packs at the other end of the machine. Automatic controls ensure precise repeatability of each stage of the continuous process throughout the longest run.

Products can be packed up to a maximum height of 75 mm (3 in) on the 610 x 305 mm (24 x 12 in) card, film width and card size being standardised. Cards are automatically cut out with rounded or square corners, complete with Euro standard hang hole

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if required. Low cost cutting tools are used.

Cards are stacked in a magazine on the card feeder from which they are removed automatically one by one and laid on the continuous motion conveyor at the beginning of the loading section. Products are placed on the cards by operators. There is access for loading from both sides of the conveyor, and the number of operators will be determined by the products to be packed.

Film is automatically heated and drawn down on to the loaded card as it passes through the vacuum-forming area, the drape table reciprocating to permit this continuous motion. A reciprocating crush cutting head separates the cards into individual skin packs, which then travel to the end of the conveyor for discharge.

The automatic card feeder is self-contained, apart from the power source. As it has its own vacuum supply there is no possibility of interference with the vacuum stage of the skin packaging process itself. The rear of the magazine is open, making it easy to recharge with cards while the machine is running.

Ridat Engineering, Fishponds Road, Wokingham, Berks. RG11 2QE. 0734 783333.

## Counts and wraps coins

ANY DENOMINATION of UK coinage with the exception of 50p can be separated and counted at rates up to 1,500 per minute and then wrapped into rolls at about 15 packages/min using the Clory model WL-4 now available from Advanced Technics and Systems, 55, Palmerston Road, Wealdstone, Harrow, Middx. HA3 7RR (01-896 9244).

The operator merely loads the 4,000 coin hopper which feeds the centrifugal separator, a device which can be set to select a particular denomination and reject the rest.

Seven batch sizes up to 100 can be set, or the machine can be adjusted to wrap coin rolls in six sizes up to 50 coins provided the roll length of 106 mm is not exceeded.

## SERVICES

### Centre-file expands its support of London brokers

WITH AN expenditure of about £10m behind it on two new massive computers and important supporting equipment, coupled with a major move, Centre-file—major service subsidiary of NatWest—is ready to launch an extensively improved service to London's stock-brokers.

Installation of an IBM 3032 and 3033 has been completed without interruption to the on-line service to brokers and systems design is continuing on these machines for one day a

week for the time being. Two ultra-fast laser printers and a mass data store have also been implemented.

Several improvements are being made to the stock-file system aimed, in general, at giving users many new facilities including the ability to carry out extensive share research. They will be able to maintain alternatives to the general information held against each security, as well as internal codes and their own texts and opinions about given securities.

Terminals and communications links are being improved and computation and data manipulation will be available over these.

In valuation work, a distinction will be made between maintenance of portfolio records and the use made of them. This will clear the way for capital gains tax computations and a whole series of valuations from currency to 24-hour operations.

This is not the end of the programme by any manner of means. But, apart from the

Stock Exchange operation, Centre-file continues to support and expand its on-line building society services and the massive payroll operation which is the largest in the UK—and earns Centre-file a very respectable proportion of its revenue.

Meanwhile, and despite the fact that much of the output for users at Centre-file can be on microfilm or fiche, the services provided absorb 12 tonnes per day of print-out paper.

Centre-file, 75 Leman Street, London E2



## Electric heating saves Pretty Polly £20,000 a year

"We produce three million pairs of tights every week" says Brian McMeekin, Managing Director of Pretty Polly Limited "and we need to be sure that our investment in new plant will keep up our productivity, our quality standards and show a good return".

With existing drying equipment approaching the end of its useful life, Pretty Polly's Group Electrical Engineer needed to find a replacement which would give the necessary technical performance and achieve savings in energy costs if possible. He talked to East Midlands Electricity Board's Gerry Pilkington who recommended electric RF heating as a possible solution. A visit to a factory using a similar electric system convinced Pretty Polly that it offered real advantages. They were put in touch with Pye Thermal Bonders who successfully tendered for a purpose-built conveyor unit.

"With the new equipment we are not only getting the output we want and experiencing fewer rejects" says Brian McMeekin "but, we are also achieving an energy cost saving of £20,000 a year on one process alone, and that means a payback on our investment in under two years".

Left: Brian McMeekin, Managing Director of Pretty Polly Limited (centre) discusses electric drying with Fred Anderson (right) his Group Electrical Engineer and Gerry Pilkington of East Midlands Electricity Board.

Right: The compact new electric RF drying unit installed at the Sutton-in-Ashfield Pretty Polly factory. Another unit is now on order for the Killarney factory.



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# THE PROPERTY MARKET BY MICHAEL CASSELL

## House of Fraser to take Sutton space

HOUSE OF FRASER is expected to fill the breach left in Capital and Counties' proposed town centre redevelopment scheme at Sutton, Surrey, by the departure of the John Lewis Partnership.

Mr. Ian Norton, assistant managing director of Capital and Counties, said yesterday that House of Fraser had, in principle, decided to take key space in the £10m-plus office and shop complex, although the move had yet to be approved by the potential tenant's board.

The decision represents welcome news for Capital and Counties, which is in the process of site assembly and which hopes to start work on the project in late 1981 or early 1982. The withdrawal last year of John Lewis caused embarrassment all round and Mr. Norton and his colleagues have spent the best part of the year trying to find a replacement.

When it pulled out, John Lewis had signed a deed of intent to occupy around 200,000 square feet of space in the scheme. But it said that uncertainties over the timing and doubts about particular aspects of the development, together with the earlier availability of an alternative site at Kingston, had caused it to change its mind.

House of Fraser will not be taking as much space as planned by John Lewis and it looks as though the department store

will take a unit of around 100,000 sq ft. The difference in trading area will not, however, be as great as the figures suggest, as John Lewis has a comparatively low proportion of sale space to storage.

Originally, the scheme was to be dominated by the John Lewis store and a further 25 to 30 shop units would be provided, together with 140,000 sq ft of office space. It now seems likely the plan will include a department store, one or two large units and 50 or 60 shops. Office space will still be included.

The final shape and content of the scheme could be largely decided at the end of this month by all authorities—the Church, a report prepared by Ove Atup, proposing the creation of an ecumenical centre in Sutton, and bringing together the Baptist, United Reformed, Methodist and Anglican churches, is to be considered soon and a decision to go ahead will see the Baptists—whose church occupies part of the redevelopment site—moving home.

If the church goes, definitive plans can be drawn up and Sutton Council, which is to compulsorily purchase all the required land, can start detailed negotiations with site owners. In the absence of a complete Capital and Counties package, most have so far been reluctant to take the matter too seriously.

## New City office plan

IN ANOTHER new development to the east of Bishopsgate in the City, County and District Properties plans to build a £10m office complex close to Spitalfields Market.

The scheme will be carried out in partnership with the Central Foundation Schools of London, which until 1975 ran a girls' grammar school on the site and which still owns the land in question.

An earlier proposal, which was granted planning permission in 1975, was never pursued after Williams and Glyn's pulled out of a plan to occupy the new space. The current plan is for an 80,000 sq ft office building and a second possible block—on land partly owned by another educational foundation—providing an additional 20,000 sq ft of space.

Mr. Leslie Melville, chairman and managing director of County and District, said the company was purchasing the freehold of the land. Central Foundation Schools, which requires funds for its new East End premises, will receive rental income from the scheme although County and District has the option to convert it to a capital sum. Planning permission is being sought from the City and Tower Hamlets and the scheme will be externally funded with as yet unknown partners. There is, says Mr. Melville, a firm tenancy inquiry which could lead to a pre-let.

## Brussels office debate

PROSPECTS FOR the Brussels office property market appear to be as confused and as uncertain as the future of the EEC itself—one of the city's most important tenants.

According to Jones Lang Wootton in Brussels, the office market in the administrative heart of the European Community has reached the stage where shortages of large, modern space are likely to emerge over the next two years. The suggestion is that, at this point, rents might be expected to rise sharply but in a city where debate and argument is commonplace this is by no means a consensus view.

The confidence of Jones Lang Wootton is not matched by rival agents Knight Frank and Rutley who point to the present weakness of the Belgian economy, high labour costs and what they see as the disenchantment of multi-nationals with Brussels as an international centre as very good reasons why a major resurgence in office rents is unlikely.

Over the past five years Brussels has been bedevilled by a vast over-supply of office accommodation, a legacy of the building boom which swept Europe and British developers—to the forefront in the early 1970s.

However, according to J.L.W.: "There are now positive indications that the over-supply which has dominated the market is well and truly played out."

The agents say that the

remaining space is likely to be absorbed "as the international presence in the city continues to increase with expansion of the Community to include Greece, Spain and Portugal". Jones Lang estimates that there is currently some 2.5m sq ft of office accommodation still vacant compared with an estimated take-up of 1.6m sq ft in 1979. On the basis of these figures it would seem reasonable to suggest that shortages are likely to occur.

J.L.W. says that while there are still plenty of small to medium-sized suites available on the market the real shortage will involve very large space.

But the J.L.W. figures do not, according to their critics, fully reflect the true state of the market. The 2.5m space presently available includes, on the agents' own admission, only modern properties in prime locations where there is likely to be strong demand. At the same time the 1979 take-up figures are gross and do not take account of tenants vacating one set of premises to move into another.

According to Jones Lang: "Although rents are expected to increase steadily rather than dramatically in the immediate future there is no doubt that the growing shortage of space, fuelled by strong demand and the lack of new developments coming on stream, will all combine to put further pressure on rents in the prime locations by the end of this year."

Any shortage of large, modern

accommodation is unlikely to be compensated for in the immediate future by a major building programme. Developers are unlikely to be enticed back into the market while yields on new buildings remain as low as 3½ to 4 per cent and while the present stiff planning restrictions prevail.

J.L.W. see continuing demand for office space coming from EEC and quasi EEC bodies like pressure groups, while it says that multi-nationals will continue to want Brussels' headquarters to be near to the European political power base.

It is not a view shared by Michael Nicholson of Knight Frank and Rutley in Belgium. He points to a number of international companies, including a couple of American banks, which have moved out of Brussels in recent years and says that the city, with all its EEC attractions, no longer has the same lure for multi-nationals as it did in the early 1970s.

Equally, he believes that the Belgian government—seeking to provide work for a hard pressed local construction industry—will attempt to use the EEC administration in difficulties: there were with 102 bankruptcies, including Socol the construction group, recorded in February alone—the local private sector is also hardly likely to have major space requirements.

## Hambro Life in £3.3m deal

HAMBRO LIFE Assurance has paid £3.3m to the Savoy Hotel for 2 Savoy Court, Strand, WC2.

Tenants of the 32,000 sq ft building include the Inland Revenue, which occupies 14,000 sq ft; the Savoy Tailors' Guild which rents a further 4,100 sq ft; American Express and Allied Breweries, which owns the Coal Hotel public house. The building has a basement, ground and seven upper floors and it is understood that Hambro Life intends to refurbish 6,500 sq ft recently vacated, D. E. and J. Levy acted for the Savoy Hotel and Michael Laurie for Hambro.

Legal and General has bought in the four years remaining on two leases at 70-72 Oxford St., W1, where it is the freeholder. One of the shops was occupied by Gay Furs, which was paying the princely sum of £524 a year exclusive in rent, while Reed Employment was next door. The units are to be refurbished to provide one shop of 3,500 sq ft and a rent of £55,000 is being quoted. Conrad Rithel and Laurence Bird acted for L and G.

First National Bank in Dallas has assigned the leases of their former headquarters at 60-63 Aldermanbury EC2 to Fidelity Bank of Philadelphia. The rent, passing is around £13 a square foot and will be reviewed this June. A premium was also involved for the leases,

which expire in June 2025. Debenham Tewson and Chinnocks acted for the assignors and Shepherds represented Fidelity.

● Miller Buckley is alive and well. My apologies for suggesting last week that the company had gone into receivership. It was Melia Buckley, the joint venture comprising Miller Buckley Investments and the Melia hotels group—formed solely to develop Kings Reach—which was put in the hands of a receiver in 1976.

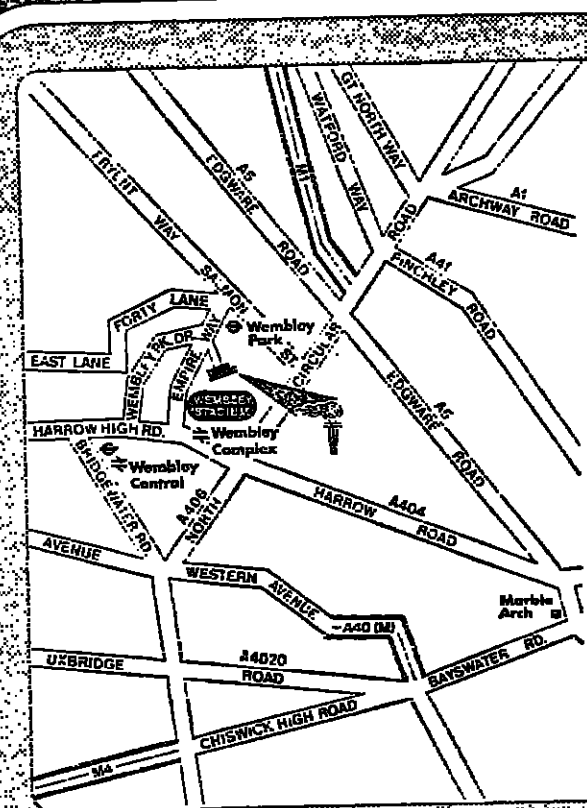
● Great Portland Estates has leased its new 28,250 sq ft airconditioned banking and office building at 61, St. Mary Axe, EC2, to Inchcape. Although the terms were negotiated over a year ago, a rent of £450,000 a year exclusive is being paid for a 35-year lease with regular reviews. Jones Lang Wootton acted for Great Portland and Dron and Wright advised Inchcape.

● Coutts has let the third floor of its new Strand headquarters to Arthur Anderson, the international chartered accountants. It would be interesting to see what sort of price can be achieved for space in a building of such unquestionable merit but, alas, no-one wants to give details of rental for the 29,000 sq ft involved. Debenham Tewson & Chinnocks acted for Anderson and Hillier Parker & Rowden represented Coutts.

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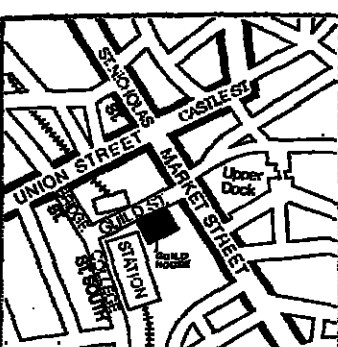
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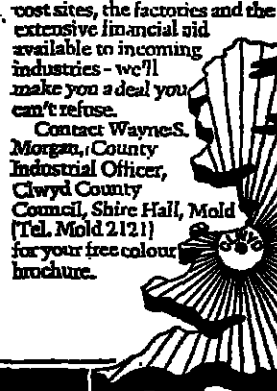
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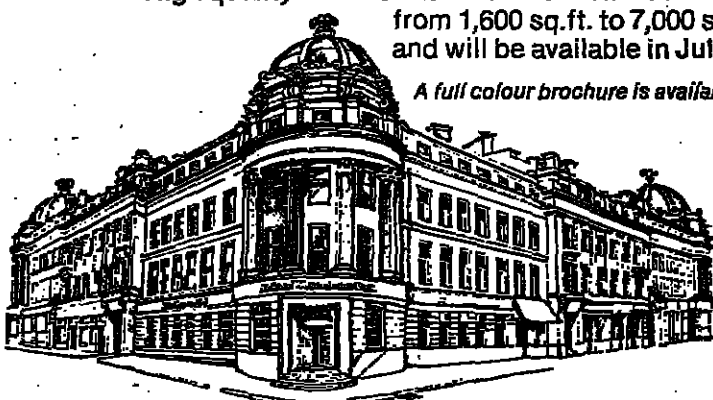
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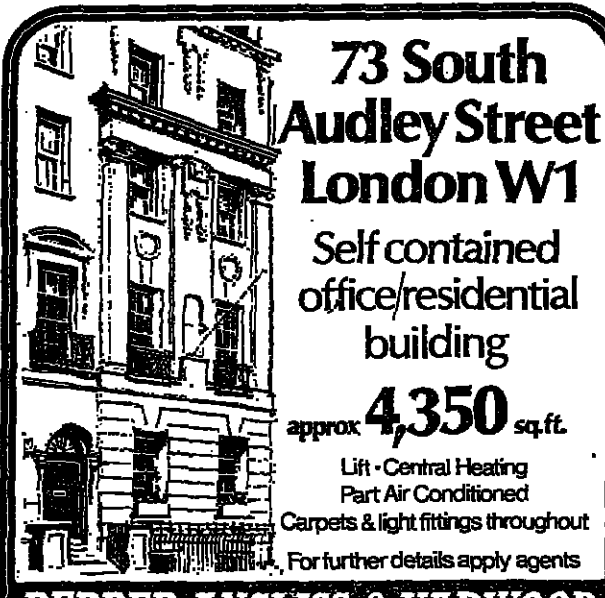
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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## A visit to the dinosaur sanctuary

Francis Duffy finds his appreciation of the individual buildings in a new office city marred by strong reservations about its concept

HALFWAY between Hamburg airport and the city centre is one of the most extraordinary concentrations of bureaucratic endeavour ever built: Hamburg Nord, the new office city.

If you are impressed by thorough and professional planning, Hamburg Nord is the place for you. More than a score of huge new office buildings have been built in a kind of green office park. Not only is each building beautifully built, of the very best materials, but inside them some of the most high-powered office service managers in the world have tried their hardest to design the most effective and efficient forms of administration and office support. Each office form has been designed with as much love as the huge glazed facades. Planning rules everywhere from the skyline to the paperclip.

It is no surprise that office planning has reached its glittering peak in Hamburg. Not only has the city seen a miraculous increase in jobs and industry in the past 25 years, but this is also the home of office landscaping, the most spectacular innovation in office interior design since the war.

But something is not quite right. It was not just the heavy frost whitening the trees which chilled me as I walked between the buildings recently; it was a growing fear that these buildings are the dangerously permanent consequence of some fundamental premises or lines of argument which are fast disappearing.

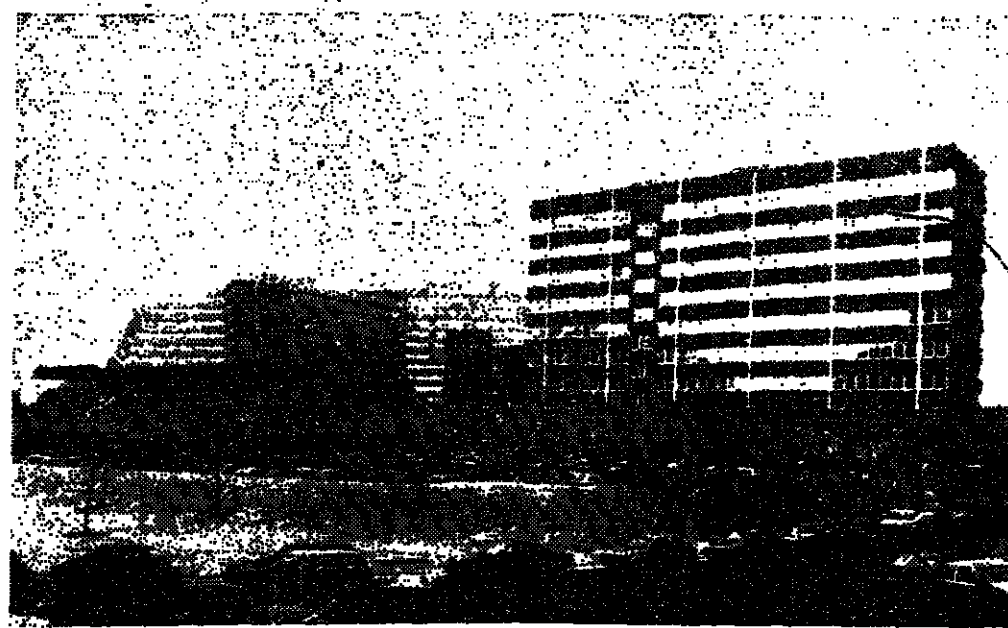
This is not to say that I do not take Hamburg Nord seriously.

Each of these buildings is purpose-built. BP thought long and hard before it designed its huge polygonal office landscape.

Shell's answer to a similar problem is no less meticulous, but its design solution is diametrically opposite—a great cruciform aggregation of single office rooms. One insurance megastructure shelters almost three thousand people. Tschibo, a coffee company, has given equal care to housing 300 in one of the most cheerful open plan offices I have ever seen.

None of the office buildings is without its impressive loading docks, workshops, archives, meeting rooms, reception areas, and security arrangements, all on a scale which would squeeze bitter tears of envy from the average British administrator. But this new office city is depressingly arid. Place. Nowhere in it is there the vital interplay of ancient trading communities—key characteristics of the City of London and downtown New York, for example, which have many informal meeting places.

Hamburg Nord also achieves far less than the vital new office parks—like those in Silicon Valley—which are now so frequently found adjacent to universities in the United States,



Hamburg Nord: the whole is conspicuously less than the sum of the parts

or in Britain in Cambridge and Warrington (which is strategically near the universities of Manchester, Salford and Liverpool). In such places new industries flourish on the basis of shared staff and experience, and

on all sorts of informal links. Behind the deadness of Hamburg Nord lies the first of the set of disappearing premises: location. Why should all these masterpieces, which look like a school of architecture on

exhibition day, sit together on the same site? Why an office city? Does anyone take the lonely path from Shell to IBM or from Tschibo to BP?

Each building is a complete eight hours per day world with

subsidised restaurants, fine gymnasia, shops and even banks. I bet there are as many private swimming pools as in Virginia Water. The only common asset between the buildings is a central heating and cooling plant. Apart from this, what is "city-like" about these private projects, of which the whole is so conspicuously less than the sum of the parts?

The second vanishing premise is office technology. Office technology is not going away; but it is certainly changing extremely fast. When Shell, Esso and BP planned their offices in the 1960s they came to very different conclusions about open and cellular offices, though they all agreed roughly on the size and procedures carried out in an oil company headquarters.

I should be very surprised if there were not very severe pressures in the next decade to change some open plan offices into cellular ones and vice versa, as new management styles and new technical ways of running offices create demands for new office arrangements. Shell and BP at least will find their excellent but short-sighted buildings very hard to adapt.

New technology may have profound effects on the number and kind of people employed in a headquarters, in the equip-

ment they use, in their timetables and in their capacity to carry their electronic offices with them on their travels. Centripetal forces could disintegrate the solid HQ core: new ways of working could reintegrate the laboratory and the office, the boardroom and the project group.

Already in Hamburg Nord there is evidence of sub-letting, where this is technically possible. But this "city" will be very difficult to dissolve; it will remain a monument to the office technology of the sixties and early seventies, the period immediately prior to the electronic office. Industrial archaeologists take note: the data for your future studies are here.

The lessons about energy and technology are obvious: planning, however thorough, is no good unless the unexpected is used to kindle opportunities, not to extinguish them. The lesson about location is more complex. In Hamburg Nord sterile city planning and corporate privatisation have missed the vital trick of creating new enterprises out of old, of allowing small businesses to thrive symbiotically with the large. This trick is the simple but vital one of creating new enterprises, new cities.

Managers and architects look about you and beware.

## Energy

Perhaps it is unfair to mention the third premise when so many oil companies are involved. Which futurologists managed to predict the impact of the energy crisis? Unfair or not, these buildings at Hamburg Nord are like Cadillac and Concorde, magnificent devices for expending energy. Air-conditioning is normal; artificial lighting is essential in at least half.

Hundreds of fluorescent tubes burn all day. The problems of

## GEC wants a 'more exciting' line of research

BY DAVID FISHLOCK

GEC is setting up a new research laboratory at its first Research Centre in Wembley, to conduct long-range research in the problems of designing complex engineering systems—especially military ones. This expansion is the first major change in research policy introduced by Derek Roberts, the former Plessey executive, since taking up his new post as GEC's director of research last year.

As research director Roberts, 48, oversees a £20m budget spanning four research centres. He manages the biggest at Wembley, where nearly half the cast is spent. His new laboratory will be dedicated to the long-range problems of one GEC company, Marconi Space and Defence Systems (MSDS), much as the telecommunications research laboratory at Wembley is devoted to the problems of GEC Telecommunications.

But the problems of the MSDS laboratory—arising from the rapid development of microelectronics and the fact that complete sub-systems can now be made on a single "chip"—

are problems involving the whole of the first Research Centre.

MSDS, predominantly a defence development and engineering company with sales exceeding £100m a year, is already a major customer of the first Research Centre. John Williams, chosen to head the new laboratory, hopes to recruit a team of about 30-32 professional staff by the end of the year. His programme opens with work on three fast-developing types of sub-system: optical signal processing based on gallium arsenide integrated circuits; millimetre wave communications; and advanced kinds of infra-red sensors.

Under Roberts, the first Research Centre will continue to operate as a contract research centre to the GEC group. About 80 per cent of its work is done under the customer-contractor relationship made famous in the early seventies by Lord Rothschild. "The customer says what he wants. The contractor does it (if he can); and the customer pays." The other 20 per cent

is financed from group headquarters.

Sir Robert Clayton, technical director of GEC, calls the company's approach to research funding "intelligent Rothschild." Much of the contracted research comes from about 30 of the 100-odd GEC companies, most of which have their own development and engineering resources.

## Change of emphasis

For about two years before the arrival of Derek Roberts, Sir Robert Clayton himself had to run the first Research Centre. This could not continue for several reasons, not least because, as the group's auditor of research and development policy, he must sit in judgment on its central research effort. He had also become deeply involved in advising government, through his work for the Advisory Council on Applied

Research and Development (ACARD).

He recruited Roberts from one of GEC's principal rivals in micro-electronics in Britain. Roberts ended a 25-year career with Plessey—he joined as a graduate—as managing director of Plessey Microelectronics, and the main architect of its policy of concentrating on "specials" rather than mass-produced chips. Roberts has also been a major influence in government policy for the education of engineers in micro-electronics.

Diplomatically, Roberts refers to the changes he is now introducing at Wembley as "changes of emphasis." Clayton is more blunt and talks of overcoming "an inbred NIR—not invented here—factor." The time had come for a change in research policy and it needed an outsider to do it, he says. But both recognise that the GEC group is a cross-section of British industry as a whole, with companies founded on turn-of-the-century engineering rubbing shoulders with companies right in the forefront of technology.

Clayton chose a research director schooled in solid-state physics "because that is the future." But his brief to Roberts has been to rekindle the enthusiasm of an ageing research base.

"I want GEC research to be more exciting—I want a higher risk factor in our research," Roberts believes that one of his first problems is to make more people more aware of what GEC research is already doing. Even as a major rival he was unaware just how much research and technology the group was pursuing, he says.

But his biggest asset is the simple fact that the GEC research programme is expanding. Both first Research Centre and Great Baddow, GEC's other

main research centre in Essex, expect to need 50 more qualified scientists or engineers each this year to fill all their vacancies.

As a novel aid to communications among his own research managers Roberts has just introduced a videodata system developed in his laboratories. At the touch of a button on the small TV receiver on his desk he can discover who is the expert on any subject in the research centre, what vacancies for experts there are, what the current financial status of a project is. About 30 of his staff of 600 at Wembley will soon be equipped with their own terminal to a private GEC videodata bank.



Hugh Rutledge

Derek Roberts: newly charged by GEC with the task of overcoming a "not invented here" resistance to outside ideas. "I want GEC research to be more exciting," says Roberts. "I want a higher risk factor"

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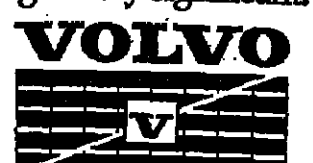
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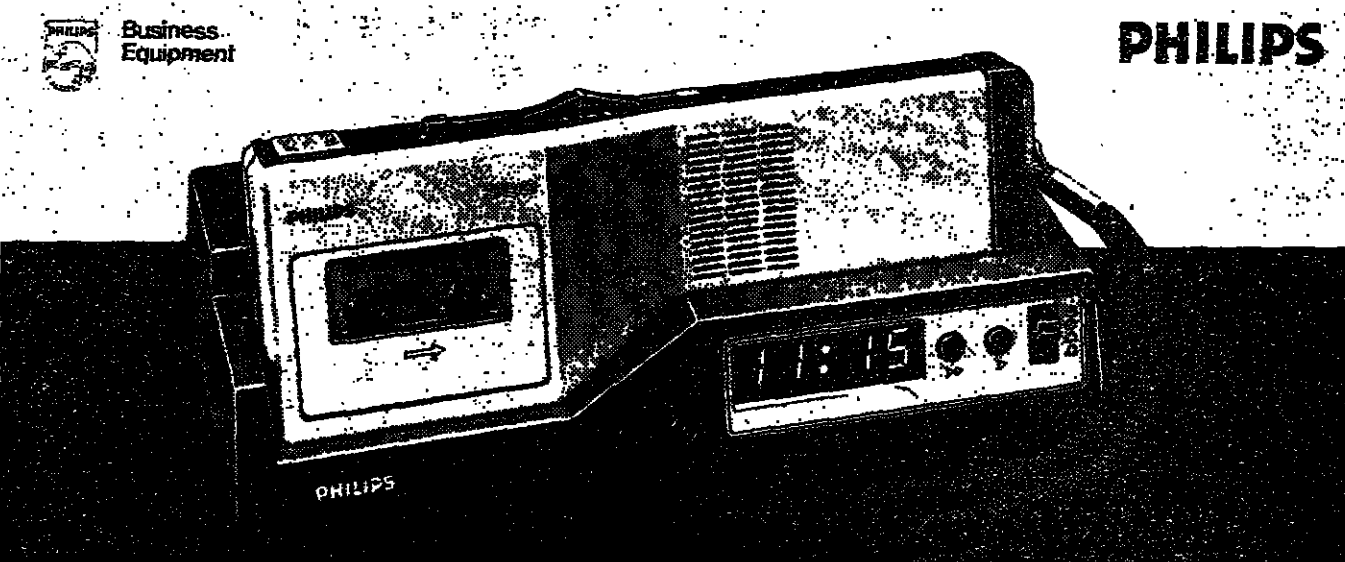
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الأسبوع

## THE ARTS

## Cinema

## Divorce, American-style

by NIGEL ANDREWS

**Kramer vs. Kramer (A)**  
Odeon, Leicester Square  
**North Dallas Forty (X)**  
Ritz  
**Murder By Decree (AA)**  
ABC Shaftesbury Avenue  
**Bhulka—The Role (A)**  
Phoenix, East Finchley  
**The Runner Stumbles (A)**  
Odeon Haymarket  
**The Magician of Lublin (X)**  
Classic Haymarket and selected release  
**Tex Avery**  
National Film Theatre

**Kramer vs. Kramer**, which has trailed a blaze of box-office glory across America and which opened here on Tuesday with a Royal Film Performance, is an often funny, sometimes touching but ultimately obnoxious and loaded picture of that great American institution, divorce: and the inequality of its consequences.

Who gets custody of the child? asks the movie as six-year-old Billy is caught in a tug-of-war between conflicting parental parties. On my right, Dustin Hoffman, male chauvinist advertising whizz-kid living on a comfy income in New York. On my left, Meryl Streep, Hoffman's beautiful from, now disengaged husband, who runs off to California for freedom and psychiatric therapy, sues Mr. H. successfully for divorce and then comes back 18 months later to claim their child.

**Kramer vs. Kramer** is directed and screenwritten by Robert Benton, once the wonderful co-scripter of *Bonnie and Clyde*, and is about as far from that sour, savage folk tragedy as gathering mellowness and age could have arranged. It's a father's-eye-view of the embroiled, focusing from start to finish on Hoffman's lovable child-tendering ineptitude when left wifeless in New York—as he clocks and fusts through making French toast, cleaning up spilled drinks and soothing Billy through a stitching operation after a playground fall—

giving Hoffman the lion's share not only of screen time but of the audience's sympathy. Ms Streep stalks mesmerically in and out of the movie, making a fair and effective grab for our tear-dripping in the climactic courtroom scene, and bidding

by sheer presence and commitment to save the film from becoming a totally partisan vote of confidence in the paternal virtues of love-and-muddle-through.

But it's an uphill struggle. **Kramer vs. Kramer** is a lopsided, sappy movie that coasts through on its father-appeal, its star power and its easy-paced comedy and pathos, seldom firing our brains and hearts into a fresh response. As the plot unfolds, our every-father hero increasingly takes on the halo of Saint Dustin. Even the best of dads might be expected sometimes to lose his cool and reach for an explosive or a rolling-pin: but here—apart from a brief, whirlwind tiff over the consumption of ice-cream (before Master Billy has eaten his meat and onions)—Hoffman and son are a family duo right out of the textbooks. Perhaps the simplicities will be roughed up and the biases redressed in the next instalment—such are the inevitabilities of success. **Kramer vs. Kramer Part Two** is already rumoured to be in the pipeline.

**North Dallas Forty** is the esoteric title of an often uncomfortable, esoteric movie. Subject, American football. And if the latter sport is as encoded a mystery to you as to me—an arcane choreographed stampede of padded shoulders and clashing helmets—you may lose your compass bearings whenever the film hits the playing field. But it's bouncy and purposeful enough of the field to compensate.

Nick Nolte, that lumbering blond bear who fills out his laconic roles with so many grunts and sniffs and throat-clearings as virtually to double their duration, plays the over-the-hill star of the North Dallas Bulls. He still plays, but mostly from the substitute's bench, and he still trains, though ever more creaky in the joints and pin-cushioned with pain-killing injections. Will his love for the game survive another testing season of professional pressures, or will he high-tail it out of the city? (Doye Haddon) for pastures new and fresh fields unsectioned by six-year-olds.

Director Ted Kotcheff brings a rasping comic punch to the backstage antics and agonies of

sporting life: from scenes in the training gym, on exercise-machines purpose-designed, it seems, by the Spanish Inquisition, to the pre-match prayer meetings in which the team coach gently ushers in the visiting chaplain and urges his men to show respect with such words as "Take your f--- helmets off!" The movie also spins a nifty, witty parable of Sport for Love versus Sport for Hard Cash and Hard Success: placing its hero right at the cutting edge where the promotional and bureaucratic pressures of the modern game are dividing the Amateur from Professionals with nothing much more subtle or merciful than a meat cleaver.

"You squashed my pea," mutters Dr. Watson to Sherlock Holmes, his voice piano with shocked reproach as the Great Detective takes a table-knife and crushes the last vegetable on his friend's plate. Home life at 221B Baker Street has never been quite the same since Billy Wilder put Conan Doyle's sleuthing twosome through their comic paces in *The Private Life of Sherlock Holmes* and domestic eccentricities are easily the strongest suit of John Hopkins's script for *Murder By Decree*. This Anglo-Canadian thriller pits the meerschaum-puffing shamans and his aide against the evilclings of Jack the Ripper. Place, Victorian London, time, 1880.

Do you feel a twinge of déjà vu? Well, you should, for Holmes has bearded the Ripper once before on the screen, in the 1965 *A Study in Terror*. So few marks to Mr. Hopkins and Canadian director Bob Clark for originality of plot. But high points for originality of treatment: Clark, who made the spooky *Black Christmas*, marries a cheerfully hyperbolic foreigner's-eye-view of Victorian London—all fog and narrow, cobbled streets—with a real-fair for ghostly special effects. (His horse-drawn cabs loom up through a distorting lens like Celtic monsters.)

Never Holmes and Watson career in out of the cold. Christopher Plummer and James Mason have a high time bandying domestic banalities across their bachelor pad. The film only comes unstuck when trying to unwind its over-labyrinthine



Justin Henry and Dustin Hoffman in Kramer vs. Kramer

plot (a Watergate-style intrigue that traces the Ripper's barbarities to the doors of Westminster) and to find a place for more Special Guest Stars—Donald Sutherland, Genevieve Bujold, David Hemmings, John Gielgud, etc.—than you'd normally find in a month of disaster films.

My heart tries but fails to leap up when I behold a Shyan Bengali film on the screen. Don't think that I'm ungrateful for the Bengali director's early films: *Ankur*, *The Seeding* and *The Churning* had a slow-paced splendour as good as any Indian movies outside Satyajit Ray. But Bengali, though still the darling of Indian cinema's exportable film-makers, seems to me disastrously to have lost its way in recent years. *Bhumika*—*The Role*—was made two films before *Junoon*, which lately flouted its costumed follies at the Academy, and though it's marginally better than that it's still furiously behind the exact and poignant delicacy of *Ankur*. The life and times of an Indian film star (Smriti Patil) are unveiled for us in a 24-hour

pageant part colour (for the present), part monochrome (for the past). Based on the autobiography of a real actress, the movie chronicles her sundry romances both on and off screen, and her struggle—instinctual rather than militant—to be a "liberated" woman in an India where the female's place is in the home, and preferably cooking chapatis or plying a needle and thread. But the early promise of a movie that explores ideas of the "role" in both Life and Art is dissipated by Bengali's lumpy direction and his inability to raise the story's pulse above a level of soap-opera what-will-happen-next.

The movie drags on in its predestined way, through many a pretty image and quaint subplot, but with scarcely a single moment of invigorating surprise or sudden truth.

In this week's pentathlon of pot-boilers *The Runner Stumbles* pips *The Magician of Lublin* to the post to win the gold medal. Yes, the tall man in a cassock with white hair is Dick Van Dyke and no, *The Runner Stumbles* is not a comedy. Passionate both in rural America as dog-eared Dick, beloved RC priest, takes a shine to young nun Kathleen Quinlan and then takes an axe to her. Or did he? You may discover for yourselves

in this rampant, raging melodrama from Stanley (Ship of Fools) Kramer, which flashes back merrily from Dick-on-trial to a recreation of the secular amours that led to homicide. Supporting suspects: Maureen Stapleton, Ray Bolger, Tammy Grimes. Conny thick-eared but oddly enjoyable.

*The Magician of Lublin* answers to all but the last epithet. Alan Arkin rants and raves through fo-die-siecle Poland as the womanising showman hero of Isaac Bashevis Singer's Yiddish novel. Shelley Winters, Louise Fletcher and Valerie Perrine cross his path at intervals and are poleaxed by the script's awfulness. Menem Golan directed. Isaac Singer is no doubt turning in his sleep, and the film should be avoided by all self-preserving filmgoers.

There's consolation at the National Film Theatre. Tex Avery, cartoonist extraordinaire, has a three-day season devoted to him in which the screen will be eaten up by such winged, furry and/or four-footed omnivores as *Daffy Duck*, *Bugs Bunny* and *Screwly Seymour*. Avery created or co-created these biological miracles while at Warners and MGM. Note the dates—Monday 24 to Wednesday 26—and book now while seats last.

## Camden Festival

## Italian Straw Hat/Mazeppa

by RONALD CRICHTON

Camden Festival is here again — light verse on Sunday, jazz, early music and contemporary dance on Monday; then on Tuesday the Chelsea Opera Group's concert version of *Mazeppa*. More opera on Wednesday night (staged this time) with the New Opera Company at the Collegiate giving the British premiere of Nino Rota's *Italian Straw Hat*, a "musical farce" based on the Labiche play for a René Clair film James Judd conducted the Wren Orchestra, Anthony Besch produced in biscuit-coloured Belle Époque sets by Peter Rice. Mr. Besch showed a just feeling for what could be achieved in the time and a sensible avoidance of making the piece seem more than it is.

Rota was a prolific Milanese, best known for his film scores. The *Straw Hat* has qualities of métier which English composers aspiring to the opera house aren't often born with. Fluency, lightness, theatre sense, ability to knock off other composers' styles are among them. The Labiche farce provides a beautiful comic framework, giving pleasure even when the music is least rewarding. For though Rota has a knack for parody of romantic styles (Puccini included), for example when the half-demented bridegroom is trying to wheedle the essential article of millinery out of a culture-besotted Countess, or when poor cuckolded Beauptus bathes his rheumy feet, the pseudo-Offenbach animation and pseudo-Chabrier sauce wear terribly thin.

The performance is commendably polished—alas that the music so often dampens the spirits when it tries hardest to raise them. Stuart Clark plays and sings adroitly as Vézinet, the bridegroom whose wedding is postponed by the necessity of finding that hat and saving a not entirely deserving lady's honour. Anne Paschley is the lady in question. Sandra Dugdale the understandably puzzled bride. Collapsing under the opulent Countess. Among the men Edward Byles, Terry Jenkins, Michael Pollis, Malcolm Rivers and especially Paul Hudson (Beauptus) give pleasure. But the New Opera Company really should find

something essentially newer than this.

Chelsea Opera Group's annual offering to the festival (Logan Hall, Tuesday) Chaikovskiy's *Mazeppa*, conducted by Mark Elder. The *Mazeppa* in question is not Byron's (and Liszt's) naked rider but Pushkin's elderly, half-savage Cossack warrior, a tremendous character crying for a Monteverdi or a Verdi to put him to music, and a Shalypin to sing him. Not quite in Chaikovskiy's range, yet the result is neither dull nor insignificant, while in the score as a whole (of which only a dance and a symphonic interlude are generally familiar) Chaikovskiy gives a personal, intimate slant, to the rough epic. More worth a staging, surely, than Rota's flimsy.

The performance (the first act, most of which I heard from the foyer, must be taken on trust) was vital and enjoyable in the best Chelsea way. The two principals, Michael Lewis (Mazeppa) and Eilene Hannan (Maria), are both gratefully remembered from the Festival of two years back. Mr. Lewis sang on Tuesday with an intensity sometimes threatening steadiness at the top. Maria, torn between loyalty to her father Kochubei and love for Mazeppa who has Kochubei killed, was vividly, sometimes shrilly, sung by Miss Hannan. She made much of the striking and touching mad scene at the end.

Maria's parents Kochubei and Lubov were strongly taken by Robert Dean (singing with admirable confidence as a replacement for Willard White) and Patricia Price. As Andrei, faithful to Maria from childhood days, Graham Clark's plangent tone was far nearer to Russian timbre than English tenors normally come. It was good to see the hall sold out on both evenings: one of the few consoling things about the present situation is that both inside and (as the success of Opera's first tour has shown) outside London there exists an opera public intelligent enough to realise that you can't have Domingo-class stars without top prices and, welcome though they be, that good opera doesn't depend on Domingos alone.

## New plays at Louisville by B. A. YOUNG

It would have been possible, using that word in its broadest sense, to see the nine entries in the New Plays Festival at the Actors Theatre, Louisville, in two days. There were people who did that. But the recommended system was to take the plays three per day for three days, a project made easier by the unique friendliness, helpfulness and hospitality of everyone concerned, with bottomless vats of coffee always available. The theatre tingles with euphoria as the permanent company, reinforced by a posse of apprentices, launches into a programme that, at its height, involves them in 18 performances in three days. We, at least, are not so hard pressed.

This year's festival, which ends on March 23, is the fourth. Previous festivals have turned up plays as successful as *Chinatown*. The event's fame as a show place for new American drama shows in the figure of 4,000 new scripts submitted each year, about 1,500 of them entries in the national playwrighting competition run by the theatre.

There are two auditoriums, the Pamela Brown, seating 637 around a thrust stage, and the small Victor Jory holding 160. (Naming the smaller house the Victor Jory is significant; the company's Producing Director is Jon Jory, Victor Jory's son.) Cabaret-style shows are also given in the restaurant below the Pamela Brown.

All nine plays at this year's festival were not full-scale drama. One indeed was such a

cabaret as I just mentioned, its subject and title being *Doctors and Diseases*. Peter Ekstrom, writer and composer, and Polly Pen, his associate, are nice performers, but a little of "I'm going to kill myself tomorrow" and "We've just placed our mother in Greenlawn" goes a long way.

The *American Project* was a kind of entertainment too rather than drama. This was sponsored by Bingham Enterprises, the local communications giants. Ten writers from English-speaking nations outside the U.S. were invited to write 10-minute sketches about Americans. To my fury, what I saw was 10 sketches about the Americans' greed, vulgarity, insensitivity, and so on—and this in Kentucky, home of the most courteous people I ever met. (They made me a Kentucky colonel.) But there was one splendid moment, when a drunken bum who had been mopping up filth from the street casually threw his rag into the audience. (Dierk Toporzyk in this part, written by Athol Fugard, was outstanding.)

Of the serious drama, only one piece would qualify as a "play of ideas," a potentially interesting play by John Pielmeier called *Agnes of God*. Agnes is a nun in whose room the Mother Superior discovers a new-born baby trangled with its umbilical cord. The argument that develops is that Mother Miriam Ruth genuinely believes

that Agnes has had a virgin birth, whereas atheistical psychiatrist Martha Livingston, who has no time for miracles, thinks that someone is being shielded. There is interesting discussion of the problems of belief, even of virgin birth; if you can have a psychosomatic stomach- ulcer, why not a psychosomatic baby? Agnes has psychosomatic stigmata before our very eyes—a phenomenon whose life has been reported in real life; it's a pity that Walton Jones, the director, makes them so large and bloody as to challenge likelihood.

Potentially fertile as the play's theme is, Mr. Pielmeier has spoilt it by over-elaboration of the minutiae of his little chest. But the play is there to be saved: it is always good to hear an audience arguing as they leave.

Mr. Pielmeier turns up again in *Today a Little Extra* by Michael Kassir, a slice-of-life play about a young, ambitious, liberal Jew, Levine, taking over a Koeber butcher's shop from a long-established, aged, conservative Jew, Abrams. It's really a one-act play in which Abrams is reconciled to handing over his responsibilities, which include the widow Pinkelstein, only when he sees that Levine understands the honesty of his little chest. But profoundly sentimental second act is added, really another play altogether. No writer using the accepted felicities of European-American-Jewish English can help scoring points, and Mr. Pielmeier's blend of arrogance with uncertainty discovers the contrast to the stereotypes of others. But... *Weekends Like Other People* by David Bonquist is another slice-of-life from a different ethnic pool. This clearly is Mr. Jory's favourite style this year. *Weekends*, brainless but self-satisfied Dan bickers with brainless but domestically efficient Laurie until they row over those things long-married couples row over, and then slide back into the prospect of the same kind of life for ever. Nicely observed, nicely played by Carol Teitel and Pat McNamara. Yet...

If you want a really good slice of life, juicy and beautifully cooked, California is the place. *Sunset/Sunrise* by Adele Edling Shank is played on one of the most enchanting sets I ever saw, designed, like all the sets in the festival, by Paul Owen. Across the entire width of the auditorium stretches the back patio of James's California home. It includes a 1950 Pontiac that the boy lives in, a practical ping-pong table, a Boca Hot Tub of kiln-dried redwood, a bar, a barbecue, garden chairs, a picnic table and a television screen through which the youngest daughter has to speak because she believes she is allergic to everything.

I can not detail the story, for Ms Shank has 18 characters on stage almost all the time, and they are never left out of the picture. That they remain so

much alive even when they have little to do is the result of some really masterly direction by Jon Jory. Activity consists mostly of sexual dalliance, but the tension between James and his wife (Pricie MacDonald and Nada Rowland) is subtly traced up to the moment when James falls drunkenly into the tub and brings the trouble to the fore. For delicately skilful and witty writing, this heads the Louisville table for me.

There is another comedy in the same genre, all the same. *They're Coming to Make It Brighter* by Kent Broadhurst. Mr. Broadhurst, like Mr. Pielmeier, is a member of the acting company, and his comedy is full of beautifully written scenes, including one for himself as a dandy knocked down by a truck, which he plays as beautifully as he writes. The venue is unusual—the lobby of a New York office-building where one of the three lifts is out of order and electricians are fitting new lights on Christmas Eve to boost their overtime.

Mr. Broadhurst shines at situations, but offers only a one-thing after-another evening, which even another excellent display of direction of Mr. Jory can't coagulate into a cohesive play. Those cameos are lovely, all the same—Gene O'Neill (not the one who wrote *The Iceman Cometh*) as a pea-brained electrician, Nada Rowland as a secretary, Ray Fry (who is Abrams in *Today a Little Extra*) as a Jewish tycoon who gives everyone a mink for Christmas. Billie Brennan as a distressed widow. The main weight of the play is carried by four black actors, three elevator-men and a shoe-shine boy, which might make it hard to cast this side from the ocean.

Three one-acters to wind up with. Two by Shirley Lauro form a double bill, *Power Plays*. The first is light-hearted, the second sinister, and both end, with a cleverly placed climax, in an exhibition of female dominance. Ms. Lauro writes very well.

So does Ray Aranha, but his long monologue *Remington* is adapted from existing writing by an eponymous American writer (best known to us, it at all, by his paintings of life in the old West). There is something sinister about *Remington* too, for the writing glorifies the old-time American soldier in his campaign to subdue the indigenous American Indians; and Mr. Aranha, resident playwright at Louisville, is black. Now there is another piece that should set you arguing as you leave.

Louisville is a city that takes the arts seriously. It has its own symphony orchestra and its own ballet (with which Baryshnikov has danced). It is well equipped with hotels and restaurants which seemed to me amazingly cheap, though no doubt the Carter Package will help correct that. The Kentucky Derby is run there in the first week of May.

## WORLD VALUE OF THE DOLLAR

Bank of America NT &amp; SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 20, 1980. The figures are based on the Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (D)	44.00	Greenland	Danish Krone	5.8285	Papua N. Guinea	Kina	0.6983
Algeria	Dinar	5.8285	Grenada	E. Caribbean \$	0.2667	Paraguay	Guarani	137.30
Andorra	(French Franc)	6.5596	Guadeloupe	Local Franc	4.50	Peru	Soles	3.3333
Angola	Kwanza	20.480	Guatemala	Quetzal	2.00	Philippines	Phil. Peso	7.46
Antigua	E. Caribbean \$	0.2667	Guinea Bissau	Syll	19.3621	Pitcairn Islands	NZ \$	1.038
Argentina	Argentine Peso	1736.50	Guinea Republic	Syll	19.3621	Portugal	Escudo	200.48
Australia	Australian \$	0.9132	Guyana	Guyanese \$	2.00	Porto Rico	U.S. \$	1.00
Austria	Schilling	13.7603	Haiti	Gourde	5.00	Qatar	Riyal	8.70
Azores	Portug. Escudo	200.48	Honduras	Lempira	2.00	Reunion Ile de la	French Franc	4.356
Bahamas	Bahamian \$	1.00	Hong Kong	H.K. \$	4.86	Romania	Lei	16.667
Bahrain	Dinar	0.3778	Hungary	Forint (D)	34.00	Rwanda	Rwanda Franc	92.84
Barbados	Barbados \$	0.2667	Iceland	L. Krona	5.8285	St. Christopher	E. Caribbean \$	2.0205
Bangladesh	Taka	15.8995	India	Ind. Rupee	1.1445	St. Helena	Starling	2.1965
Belgium	B. Franc (F)	36.3636	Indonesia	Rupiah	625.00	St. Kitts	E. Caribbean \$	2.0205
Belize	Belize Punt	217.90	Iran	Rial	0.2937	St. Lucia	E. Caribbean \$	2.0205
Bermuda	B. Dollar	0.2667	Israel	Israeli Punt	1.8000	St. Vincent	E. Caribbean \$	2.0205
Bhutan	Indian Rupee	1.1445	Italy	Lira	2.0360	St. John	E. Caribbean \$	2.0205
Bolivia	Bolivian Peso	25.00	Jamaica	Jamaican Dollar	1.7885	St. Martin	Italian Lira	872.00
Bosnia	Pula	0.781	Japan	Yen	243.50	Saudi Arabia	Saudi Riyal	217.597
Brazil	Cruzeiro	1.00	Jordan	Jordan Dinar	0.305	Senegal	Franc	1.00
Brunei	Brunei \$	2.196	Kampuchea	Riel	0.3	Sierra Leone	Leone	0.0105
Bulgaria	Bul. Lev	6.7871	Kenya	Kenya Shilling	7.5015	Singapore	Singapore \$	0.0132
Burkina Faso	Burund. Franc	90.00	Korea (Rep.)	Won	680.25	South Africa	Rand	0.0096
Burundi	Burund. Franc	217.90	Kuwait	Kuwait Dinar	0.2667	Spain	Peseta	89.665
Cambodia	C.F. Franc	1736.50	Lao P. P. D. Rep.	Kip of Lib.	400.00	St. Pierre	E. Caribbean \$	2.0205
Canada	Can. Dollar	0.7153	Lebanon	Lebanese Pound	5.8352	St. Vincent	E. Caribbean \$	2.0205
Canary Islands	Spanish Peseta	66.555	Lesotho	Basotho Punt	1.00	St. John	E. Caribbean \$	2.0205
Cape Verde	Cap. \$, Escudo	200.48	Liberia	Lib. Dollar	1.00	St. Lucia	E. Caribbean \$	2.0205
Cayman Islands	Cay. \$	0.2667	Liechtenstein	Swiss Franc	0.936	St. Kitts	E. Caribbean \$	2.0205
Cent. Afr. Emp.	C.F. Franc	217.90	Lithuania	Lithuanian \$	0.2667	St. Martin	Italian Lira	872.00
Chad	C.F. Franc	217.90	Luxembourg	Lux. Franc	0.025	St. Pierre	E. Caribbean \$	2.0205
Chile	Chilean Peso (D)	30.00	Macao	Patacas	5.8285	St. Vincent	E. Caribbean \$	2.0205
China	Renminbi Yuan	1.9445	Madagascar	Malg. Franc	5.8285	St. John	E. Caribbean \$	2.0205
Colombia	Col. Peso (D)	217.90	Malawi	Malawi Shilling	0.0125	St. Lucia	E. Caribbean \$	2.0205
Comoros Islands	C.F. Franc	217.90	Malaysia	Ringgit	0.2667	St. Martin	Italian Lira	872.00
Congo (Brazzaville)	C.F. Franc	217.90	Mali	Mali Franc	0.2667	St. Vincent	E. Caribbean \$	2.0205
Congo (Kinshasa)	C.F. Franc	217.90	Maldives	Mal. Rupee	0.2667	St. John	E. Caribbean \$	2.0205
Cuba	Cuban Peso	0.2667	Mauritania	Maur. Franc	0.2667	St. Lucia	E. Caribbean \$	2.0205
Cyprus	Cyprus Pound	0.2667	Mauritius	Maur. Rupee	0.2667	St. Vincent	E. Caribbean \$	2.0205
Czechoslovakia	Koruna	2.00	Mexico	Mexican Peso	21.80	St. John	E. Caribbean \$	2.0205
Dem. Rep. S. Ome	S. Tome Dobra	35.6076	Micronesia	Micron. Dollar	0.2667	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Moldavia	Mold. Leu	0.2667	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Monaco	Mon. Franc	0.2667	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Mongolia	Tugrik (D)	2.3556	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Montserrat	E. Caribbean \$	0.2667	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Mozambique	Moz. Escudo	20.480	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Namibia	Rand	0.0096	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Nauru	Aust. \$	0.0132	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Nepal	Nepalese Rupee	12.00	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Netherlands	Dutch Guilder	0.0096	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Netherlands Antilles	Antillian Guilder	1.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	New Hebrides	FNH	0.0132	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	New Zealand	NZ \$	0.0132	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Nicaragua	Cordoba	0.0132	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Niger Republic	C.F. Franc	217.90	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Nigeria	Naira (D)	0.0096	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Norway	Norw. Krone	0.0096	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Oman, Sultanate of	Rial Omani	0.3456	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Pakistan	Pak. Rupee	9.91	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Panama	Balboa	2.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Paraguay	Guarani	137.30	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Peru	Soles	3.3333	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Philippines	Phil. Peso	7.46	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Pitcairn Islands	NZ \$	1.038	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Portugal	Escudo	200.48	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Porto Rico	U.S. \$	1.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Qatar	Riyal	8.70	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Reunion Ile de la	French Franc	4.356	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Romania	Lei	16.667	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Rwanda	Rwanda Franc	92.84	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Christopher	E. Caribbean \$	2.0205	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Helena	Starling	2.1965	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Kitts	E. Caribbean \$	2.0205	St. John	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Lucia	E. Caribbean \$	2.0205	St. Lucia	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Vincent	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. John	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Martin	Italian Lira	872.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Saudi Arabia	Saudi Riyal	217.597	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Senegal	Franc	1.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Sierra Leone	Leone	0.0105	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Singapore	Singapore \$	0.0132	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	South Africa	Rand	0.0096	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Spain	Peseta	89.665	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Pierre	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Vincent	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. John	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Martin	Italian Lira	872.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Saudi Arabia	Saudi Riyal	217.597	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Senegal	Franc	1.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Sierra Leone	Leone	0.0105	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Singapore	Singapore \$	0.0132	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	South Africa	Rand	0.0096	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Spain	Peseta	89.665	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Pierre	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Vincent	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. John	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Martin	Italian Lira	872.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Saudi Arabia	Saudi Riyal	217.597	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Senegal	Franc	1.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Sierra Leone	Leone	0.0105	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Singapore	Singapore \$	0.0132	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	South Africa	Rand	0.0096	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Spain	Peseta	89.665	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Pierre	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Vincent	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. John	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Martin	Italian Lira	872.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Saudi Arabia	Saudi Riyal	217.597	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Senegal	Franc	1.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Sierra Leone	Leone	0.0105	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Singapore	Singapore \$	0.0132	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	South Africa	Rand	0.0096	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Spain	Peseta	89.665	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Pierre	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Vincent	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. John	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Martin	Italian Lira	872.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Saudi Arabia	Saudi Riyal	217.597	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Senegal	Franc	1.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Sierra Leone	Leone	0.0105	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Singapore	Singapore \$	0.0132	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	South Africa	Rand	0.0096	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Spain	Peseta	89.665	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Pierre	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Vincent	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. John	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Martin	Italian Lira	872.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Saudi Arabia	Saudi Riyal	217.597	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Senegal	Franc	1.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Sierra Leone	Leone	0.0105	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Singapore	Singapore \$	0.0132	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	South Africa	Rand	0.0096	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Spain	Peseta	89.665	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Pierre	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Vincent	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. John	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Martin	Italian Lira	872.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Saudi Arabia	Saudi Riyal	217.597	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Senegal	Franc	1.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Sierra Leone	Leone	0.0105	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Singapore	Singapore \$	0.0132	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	South Africa	Rand	0.0096	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Spain	Peseta	89.665	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Pierre	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Vincent	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. John	E. Caribbean \$	2.0205	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	St. Martin	Italian Lira	872.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Saudi Arabia	Saudi Riyal	217.597	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Senegal	Franc	1.00	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Sierra Leone	Leone	0.0105	St. Vincent	E. Caribbean \$	2.0205
Dominican Rep.	Dominican Peso	2.00	Singapore	S				



## FINANCIAL TIMES

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## A defensive Green Paper

THE GOVERNMENT'S consultative paper on monetary control is a rather strange document. It might be supposed that after many months of labour, we would now be confronted with one or more than one official proposal for the future development of monetary control in this country, to be discussed with those most closely concerned. Instead, we are presented with some important decisions which are already firm—to abolish the banking "corset" as soon as it is conveniently possible, to abolish the 12½ per cent reserve asset requirement, to tighten up the control of bank liquidity, and to apply cash ratios across the whole of the banking sector, and not just the clearing banks.

## Peripheral

While we welcome these decisions, they are not consultative proposals—except as to technical detail—and they are rather peripheral to the debate on the future of the monetary base. The bulk of the discussion is devoted not to setting out proposals from the authorities, but to analysing and largely demolishing proposals for monetary base control which have come from the outside.

It is easy to understand this defensive tone, for officials felt they were essentially engaged in a defensive operation; the proponents of monetary base control had won considerable sympathy among Ministers, and therefore this became inevitably the top item on the agenda. However, the result is that the whole tone of the paper is rather forbidding, and unlikely to encourage the constructive discussion of less revolutionary changes.

## Interference

Furthermore, there is a huge hole in it. The main method in this country of mopping up any excess liquidity in the system created by Government borrowing is the sale of gilt-edged stock, a system which has been widely criticised as expensive and unstable; but there is no discussion whatever of funding, which is at present the subject of a separate official study. If this is not Hamlet without King Claudius.

What we have, then, is in many senses an interim document; but it does contain one

important suggestion for possible change—a system of adjusting official interest rates automatically in response to movements in the money supply outside its target range. This is proposed in order to offer an alternative way of achieving one of the main merits claimed for a monetary base system—a rule for ensuring that interest rates move quickly and without political or other interference to check excessive credit demand, or ease pressure in a recession.

While it is impossible to do justice to the arguments in the paper in a brief comment, some central issues are clarified, and are worth a preliminary discussion.

First, the Government has dismissed any idea of altering the target of monetary control. For clarity and consistency Sterling M3 will remain the sole target, though other measures of money will be watched and there may be detailed changes in definition. Secondly, any long-term attempt to control credit directly is rejected, since it leads only to distortions. For both these reasons, the corset must go—it is distorting the system, and indeed M3 itself.

## Judgements

It is largely because existing methods are alleged to have led to delayed adjustments of interest rates that the reformers have been so vocal; but the proposal for a policy operating through the monetary base is rejected for reasons which are certainly weighty, even if they are not conclusive. First, the base has no stable relationship with M3 itself. Secondly, tight control of the cash supply of the banking system is seen as incompatible with lender-of-last-resort operations, which imply that bankable paper can always be turned into cash at a price.

This price—the short-term rate of interest—therefore seen as the sole effective partner of fiscal policy in controlling money, and the only question left genuinely open is how interest rate decisions are made. In the last resort, of course, it is impossible to make such decisions without making technical judgments, or indeed without consulting Ministers; but we would urge that stronger presumption of automatic response to monetary conditions might help both confidence and the officials concerned. The official notion of an indicator leaves this important question open, and we welcome the fact.

## Worrying over Italy

ITALY'S 42ND Government since the Second World War was formed without enthusiasm and ended on Wednesday amidst little surprise. It was intended to be a temporary government, and so it has proved, lasting seven months. But, with the parliamentary arithmetic unchanged since last June's elections and with the parties at loggerheads, finding a strong successor to Sig. Francesco Cossiga will be no easy task.

## No king-maker

The last crisis continued for 183 days before Sig. Cossiga took office, backed by the Social Democrats and Liberals, and relying on the abstention of the Socialists. His resignation became unavoidable when the Socialists decided to vote against him. But far from being the king-maker, the Socialists appear to have brought the pillars of the temple down on their heads. The Left of the Socialist Party is accusing Sig. Bettino Craxi, the party leader, of leaking information of the scandal which forced a party opponent to leave his post as head of ENI, the State hydrocarbons corporation. Sig. Craxi is also accused of flouting party decisions aimed at coming to power with the Communists.

Such Byzantine in-fighting makes it a poor time for the Socialists to seek a larger say in power. Further, in May important regional elections are to be held. The two major parties, the Christian Democrats and the Communists, both believe they gain votes by opposing each other—and such policies usually see them winning support from the smaller parties.

Last June's elections provided no immediate government but were important in that they saw the Christian Democrats able to maintain their share of the vote and the checking of the apparently inexorable rise of the Communists. Both parties won about 40 per cent of the vote, while the Socialists won 9 per cent. The Communists believe they suffered not only from their support for the government of Sig. Giulio Andreotti but from the rise in terrorism and, in particular, the kidnapping of Sig. Aldo Moro, the former Prime Minister.

Since then the Italian Communist Party has had to bear the cross of the Soviet intervention in Afghanistan as well as anxiety over what might happen in their neighbour to the east after Tito goes. But in domestic Italian politics it has lost far less from these issues than from Italy's continuing terrorism—of which the killing of three magistrates since the weekend is only the latest manifestation.

As a party committed to strong policing of violence, the Italian Communists are like the Christian Democrats a party of "law and order." But though they condemn and abhor the violence which is increasingly disturbing even the more hardened Italians, electorally the Communists pay for it.

In one sense, Italian governmental crises are an integral part of the country's democracy; the horse-trading involved ensures the balancing of different interests. In another, they are less important than they would be in a country where government was more effective and less devolved than in Italy. Last year, for instance, saw both Italy's longest post-war governmental crisis and the country having a \$2bn surplus on capital and current account and the highest growth rate in the European Community.

## International

Then there is the international dimension. Italy holds the Presidency of the EEC. It is to host the Community summit in June as well as the West's economic summit. Maybe such factors will not weigh heavily in the political corridors of Rome, but they add to the anxiety with which the West watches this latest crisis. Britain in particular has reasons for concern as Italy had been its main ally in the row over British contributions to the EEC budget. Weakness in Rome will affect Brussels.

THE FOLLOWING is an extract from next Wednesday's Hansard—

The Chancellor of the Exchequer (Sir Geoffrey Howe): It is a little less than a year since I rose to present my first Budget at this Dispatch Box and took as my theme: how are we to check, and then reverse, the long decline?

I would be less than honest towards the House if I did not admit that the achievements of the first 10 months have been less than the Government had hoped. The Minimum Lending Rate is still higher than when we took office, higher than the rate I announced in my first Budget, and shows no immediate prospect of coming down. We have still failed wholly to come to grips with the control of public expenditure. Indeed my right hon. Friend, the Secretary of State for Industry (Sir K. Joseph), has been honest enough to admit that the historians will probably conclude that we lost the first six months. I applaud his courage.

Nevertheless, we are faced today with a paradoxical situation. The long-term trends are good, but the short-term developments are uncertain. Any government that fails to do well out of rapidly rising oil revenues—well over £3bn in 1980-81—and an estimated £12bn in 1983—must have reached a level of incompetence unusual even in this practice. We do not intend that to happen.

## Problem of perceptions

There is also, however, a problem of perceptions. The favourable long-term trends that may seem obvious to some economic and political commentators, and to a good many people in industry and the City, are less than clear to the voters of Southend. Indeed it sometimes appears that they are less than clear even to some of my hon. and right hon. Friends. If the Conservative Party as a whole, and occasionally even the Cabinet, do not understand what is happening, then it is not surprising that the country is confused.

It is for this reason, Mr. Speaker, that I have chosen to introduce a new political section into my Budget Statement. As a matter of fact, it is only one of a number of innovations. The House will have noticed that for the first time the Public Expenditure White Paper is appearing on the same day as the Budget. Hon. Members may have read malicious stories in the Press suggesting that this is because Ministers do not agree on spending levels in time.

If I may take the whole House into my confidence for a moment, those stories are entirely true. It simply did not



All chaps together: members of Mrs. Thatcher's Cabinet finally discover after an informal weekend meeting that they have something in common.

occur to us, though it had in opposition, that there was a case in its own right for publishing revenue and expenditure estimates on the same day, as indeed they do in other civilised countries. In future, however, we intend to make a virtue out of necessity: simultaneous publication will become the normal practice. That is only one of the many examples of our stumbling into the right policies by accident.

The truth is, Mr. Speaker, that this Government has spent the first ten months learning how to govern. The impression has got around that it looks like any other British government in the last 20 years or so rather earlier in its life than might have been generally expected; that is, accident-prone, beleaguered and not in command of events. Again, that impression is partly correct.

The difference is that we believe that the time is ripe for the sort of policies which this Conservative Government wishes to put into effect, and we have an ability to learn from our mistakes.

I now propose to discuss some of the lessons that we have learned so far. With hindsight it can be seen that we did not cut public expenditure deeply enough or fast enough. We failed to heed the political maxim which says that a government must take the most drastic and unpopular measures as early as possible in order to allow it time to recover before the next general election. In particular, we did not attack sufficiently the bureaucracy of central and local government. We kept the Clegg Commission on comparability in Civil Service pay, even though few of us on this side of the House could defend such an approach intellectually. Yet without

setting an example of saving in the public sector, it is difficult to persuade the private sector of the seriousness of our intentions.

That is a mistake with which we may have to live until the oil revenues bale us out. (Hon. Members: "Oh!") Mr. Speaker: Order, Order.

Sir G. Howe: For there is another lesson that we have learned, Mr. Speaker, and it is this: you do not seek to make minor savings, however ideologically attractive they may seem to some of us on this side of the House, if the political cost is liable to be disproportionate to the money gained.

Hon. Members will be aware of the example in another place two weeks ago. It concerned school buses. If I may say so, the speech by my noble Friend (Lord Butler), who seems to have confused his identity with that of Martin Luther, was among the most famous and self-important that it has ever been a pleasure to read. (Hon. Members: "More.") I also noted with interest his remark that he will be "having to support the Government's economic policy," whether he likes it or not. My noble Friend has lost none of his ambiguity with time.

## Forseeable defeat

While thanking him for his support, perhaps I should take this opportunity of pointing out that this Government is populist as well as Conservative. It is not above seeking to reform the other place.

That, however, is to digress. The fact is that the defeat in the other place was foreseeable and made us look silly. We should

have foreseen it and withdrawn. It is not worth creating that amount of aggravation for minor sums of money.

For the same reason, Mr. Speaker, whatever Hon. Members may have read in the Press, we shall not be proceeding with plans for the reduction of social security and unemployment benefits. (AN. HON. MEMBER: "Shame!")

The potential savings are too small and the political costs too high. We do not want to be caricatured by the media, as grinding the faces of the poor and the unemployed. With so many things going for us in the longer term, it is simply not worth the candle.

Mr. Speaker: Order, order. The right honourable Gentleman has already indicated that he is not giving way, even to his own side.

Sir G. Howe: There is one other lesson that we have learned, before I turn to a final, general point in this political section, and it concerns what is sometimes known as "presentation" or "communications." Too often, Mr. Speaker, we have failed to put the positive side of our policies. We have stressed the need to control the supply of money, but not the benefits that will flow from winning the battle against inflation. We have fallen into the vocabulary of the Left in using such terms as "de-industrialisation." I did so myself in the confidence debate three weeks ago. Even in our own ranks there are calls for import restrictions, as if they would do anything at all to bring down prices.

Yet the society towards which we are moving consists of smaller units, greater freedom of choice and less bureaucratic interference—as events in the steel industry well illustrate. I

need hardly remind the House that if there had been no British Steel Corporation, there would have been no national steel strike. We should welcome the opportunity of getting out of the old, dirty and unprofitable industries at a time when we are cushioned by the oil revenues. That is the new industrial revolution.

Let me give one example of the way we have failed to sell our policies in advance. Later this afternoon I shall be giving the House details of our proposals for wider share ownership. There are many possible variations, some of them based on the highly successful Loi Monory in France, a country for which, incidentally, we have the greatest degree of respect and admiration. (AN. HON. MEMBER: "Sheepmeat!")

It may be that the British needs are different in that we already have a well-developed stock market. But, in retrospect, I freely admit to this House that it was a mistake not to have had more advance public discussion about what we propose. Wider share ownership is an essential part of Conservative policy; there are greater opportunities for it now than ever before. North Sea oil is an example. Yet my proposals this afternoon are coming almost out of the blue and, to be honest, fall well short of what could be done.

I now turn to my closing remarks in this section. I am sure that my right hon. Friend the Prime Minister (Mrs. Thatcher) will not mind my saying that this Government has sometimes given the impression of being unable to see the wood for the trees. (HON. MEMBERS: "Oh!") We usually manage to hit the nail on the head in the end, but it is sometimes the wrong nail.

There has been an aura of great attention to detail, but rather less standing back and taking the strategic view. Some might say that there has been too much of the sergeant-major, and too little generalship.

I am happy to be able to tell the House that this period is now over. Part of it may be put down to what I said earlier about needing time to learn how to govern. Some of my colleagues were, quite frankly, intimidated by their Departments and the number of Ministerial boxes, let alone the demands of the Treasury. Very few of them, it appears, had learned the real lesson of the Crossman Diaries, which is that a government is only as efficient as its wants to be and that the example has to come from the top. We need a general standing back from the fray and not interfering with the supply of victuals.

At our informal gathering at Chequers last weekend, however, we finally stumbled on a political truth: that is, that it is necessary for Ministers to talk to each other. It is a well-known experience that this does not happen at meetings of the full Cabinet: they are too short, too formal and the Cabinet is too large. Besides, all sorts of other considerations have to be taken into account, like when is the best time to mount a revolt? Or, again, if a Minister rebels against the Treasury line outside his own field of interest, will the Treasury not then take it out on his own Department?

## Contradictory elements

It may come as more of a surprise to the House, perhaps not that the Cabinet Committees have not been working too well either. There is still too much detail and too little strategy. Too many Ministers are anxious to look after their own Departments, but not to co-ordinate with others. That is why we have seemed often to be pursuing contradictory policies. It was not always clear that one Department knew what another was doing; hence the cod war in the last Government. The House will not expect me to give present examples. (HON. MEMBERS: "Hear, hear.")

Anyway, at our meeting at Chequers, which will be the first of several such gatherings, we all finally realised that we are, after all, on the same side. Moreover, if we can stop being bogged down in short-term detail and inter-departmental squabbles, the long-term prospects are really rather good. The only way this Government can fail is to destroy itself.

I now turn to the economic section of what is a basically neutral, uncontroversial Budget.

Malcolm Rutherford

## MEN AND MATTERS

## Class war on Barnsley campus

I hear from dispatches from the northern front that hostilities have broken out in what Tory locals call "the Independent Republic of South Yorkshire." The battle ground is the campus of the Northern College near Barnsley which Yorkshire industrialists want to close down. "We would close it tomorrow if we had the chance," says Douglas Iverson, secretary of the Sheffield Chamber of Commerce.

The trouble, according to Iverson, is that the college, which is intended to give working people a "second chance" at education, fosters leftist dogma, and will soon be turning out a peculiar breed of disruptive post-grads. Since the college has been going for less than two years, however, its students have yet to emerge and exhibit their alleged aggression in local industry.

The industrial sector has opposed the college since it was established on the grounds that it is too expensive and that its constitution, council and syllabus are too heavily weighted towards the left. As a result, most companies in the area have refused to support it, but it has so far survived with grants from the Department of Education and the four local (Labour-controlled) councils.

The college council of management, Iverson points out, consists entirely of councillors and trade unionists (including the ubiquitous Arthur Scargill). "The products are likely to be divisive on the shop floor," he concludes. He insists that the students could be better and more cheaply trained in a "normal" college, mixing with youngsters with management potential and studying a wider range of disciplines.

"Look at some of the things on the syllabus," he complains, citing the one- and two-year residential courses on "Gateway and Liberal Studies" to help



"...and now for Debbie of Golders Green... 'How Deep Is The Ocean' sung by..."

students "reassess themselves and their lives with a view to making a major change." "Two years for that," he scoffs. "You could do that in 10 weeks."

## Wrong number

A little bit of boasting in the annual accounts by the investment managers of Foreign and Colonial Investment Trust has gone sadly awry. At the end of FCIT's financial year, December 31, dollar borrowings amounted to \$38.5m. But the canny investment managers had been shortening the life of all the foreign currency loans with a view to swapping in and out of different currencies to take advantage of relative weaknesses.

By the end of February, when the accounts were printed the dollar borrowings were down to \$10m (they have now been totally replaced) and the money had been rolled over into yen, Swiss francs and German marks to significant advantage.

Michael Hart, the joint investment manager, decided to boast about his acumen and included a paragraph in the directors'

report outlining the February position.

Unfortunately, during proof reading some sharp-eyed director, cross-checking with the balance sheet, reinstated the figures for the year-end, wiping out at a stroke all Mr. Hart's shrewd manoeuvres. Even more unfortunately no one saw the anomaly until yesterday and the company has now had to publish an embarrassed admission that what had been meant as a piece of gratuitous boasting ended up as an error in the report and accounts.

## Express post

The Post Office, while it may not be enjoying peak popularity at home, has certainly caused a stir in New York. My colleagues in the U.S. tell me of commuter-jams in the concourse of Grand Central Station where the PO is staging a novel philatelic promotion stunt. Curious New Yorkers are being drawn in droves to a model railway circuit around which race scale-models of the pride of British Rail's fleet past and present.

The aim, I hear, is to promote sales of commemorative stamp issues. Travellers are being asked to study the models and vote for the one they consider the most attractive. For the purposes of this demanding challenge, the PO has put on show the Flying Scotsman, BG's high-speed train, the Cornish Riviera and a workday freight train. A draw will be made at the end of the month when a dozen winners will be treated to a free five-day excursion to Britain.

## Lighting the way

Despite the revolution, I can reveal commercial enterprise in Iran is not dead. Citizens well used to the clutter of Khomenei ephemera—posters, pictures, badges and the rest—are now being tempted with more substantial offerings, such as the Khomenei light bulb. When the

lamp is switched on, the outline of the Ayatollah's head glows with 60-watt power.

## Straw in bricks

Accountants and others forbidden to advertise by their professional organisations will be watching developments at the Royal Institute of British Architects during the next month or so with more than usual interest.

A recent survey of RIBA members suggested that more than 60 per cent favour a change in the rules to allow members to approach potential clients. The present code prohibits this. Beyond that, 70 per cent favour a more relaxed approach to directors' entries. Although the membership is almost equally divided about Press advertising, 13 per cent of the pros (mostly younger architects) would also favour radio and television advertising.

The subject has been a matter of controversy for years, with all sorts of arguments being thrown into the pot. One goes that advertising would favour the bigger practices, and kill off smaller ones. Another runs that advertising and direct approaches are the only way in which small practices can make their existence known.

Whichever view is right, changes are expected to be agreed by the RIBA council in April.

## Hidden message

Stockbrokers Phillips and Drew rate themselves highly among the City's ranks of experts in the controversial field of inflation accounting, in the promotion of which, incidentally, the accounting profession has suffered more than one nasty reversal. Now I see that P and D plan a seminar next month on current cost accounting in, of all places, the Museum of London.

Observer

## How much do you want to leave the Taxman?

If your answer is "a lot" then stop reading. But if you want to leave no more than you are obliged, read on—especially if you would like to be remembered for helping to make the world a happier place.

Few people, other than solicitors and accountants, realise how heavily tax now eats into even a modest estate as a result of inflated property values—and even fewer realise that a bequest to charity need not cost an estate its full value to the charity.

At Help the Aged we have prepared two helpful booklets on this subject. One on all the aspects you need consider before instructing your solicitor, and the other on how to reduce the effect of Capital Gains Tax, by making a bequest to charity.

We also have a well-established plan enabling house owners to benefit both old people and themselves, by bequeathing their house for the benefit of old people, yet continuing to live in it freed from the burden of maintenance and rates. We will even convert a portion as a self-contained flat if the house is now too large.

If you are considering your financial affairs and would like to help genuinely needy old people in Britain, or overseas, write for copies of the booklets, and if it interests you, for details of the unique house bequest plan. They will gladly be sent without obligation. Please write to: *Help the Aged, The Rt. Hon. Lord Maybray-King, Help the Aged, Room FT3L, FREEPOST 30, London W1E 7JZ* (No stamp needed).





# The puzzles of a nuclear power poll

## SWEDEN'S NUCLEAR POWER STATIONS

Sweden has six nuclear power stations in operation, two completed and ready to be fuelled, two in the final stages of construction and two planned. They are situated at four coastal sites. Those built by Asea-Atom are of the boiling water type while Westinghouse is supplying pressurised water reactors.

Station	Planned MW output	Operating date	Owner	Manufacturer	Cost in billion kronor
Oskarshamn 1	440	1972	OKG	Asea-Atom	0.69
Oskarshamn 2	580	1974	OKG	Asea-Atom	0.70
Oskarshamn 3	1,060	work not started	OKG	Asea-Atom	7.5
Barsebäck 1	580	1975	Sydskraft	Asea-Atom	1.0
Barsebäck 2	580	1977	Sydskraft	Asea-Atom	1.1
Ringhals 1	760	1975	State Power Board	Asea-Atom	1.1
Ringhals 2	820	1975	State Power Board	Westinghouse	1.2
Ringhals 3	900	completed building	State Power Board	Westinghouse	2.1
Ringhals 4	900	completed building	State Power Board	Westinghouse	2.1
Forsmark 1	900	completed building	FKA	Asea-Atom	3.1
Forsmark 2	900	work not started	FKA	Asea-Atom	4.0 +
Forsmark 3	1,060	work not started	FKA	Asea-Atom	7.0

OKG is a consortium, in which Sydskraft, the south Swedish power company, is the largest partner. Sydskraft is owned by the local municipalities and the Consumer Co-operatives Association. FKA, Svenska Kraftnät, is a consortium of the six nuclear power stations in Sweden.

operation. Local authorities hold 22 per cent, private companies 23 per cent and the Consumer Co-operatives Association 7 per cent of the 12 stations are completed, the State share will rise to 58 per cent with private interests holding 15 per cent.

THE SWEDISH referendum on Sunday was to mark a milestone in the history of atomic energy. Sweden is the first country with an advanced nuclear industry, and with nuclear power plants operating, to submit the future of that industry to the direct vote of the people.

Professor Hans Åk, the Nobel Prize-winning physicist who converted the Swedish Prime Minister, Mr. Thorbjörn Fälldin, to the anti-nuclear cause, has stressed the international significance of Sunday's plebiscite.

In fact, the outcome will probably be inconclusive and is likely to perplex rather than encourage foreign proponents or antagonists of nuclear power. It threatens, too, to have a very confusing aftermath in the domestic political field.

The confusion is already evident in the line-up of the political parties behind the three alternatives from which voters are asked to choose. The anti-nuclear Centre Party of Mr. Fälldin joins hands with the Communists to promote the anti-nuclear alternative.

Of the other two parties in the Government, the Moderates (Conservatives) campaign alone for a restricted expansion of nuclear power without political strings. The Liberals have sided with the opposition Social Democrats in proposing limited nuclear power under public control.

The Government which should administer the result of the referendum is thus split in three

and whatever the result, the Social Democrats will undoubtedly try to exploit it to bring the non-socialist coalition down.

There is further reason for confusion. The Swedes are not being asked to accept or reject nuclear power outright but to decide on the pace at which the retreat from atomic energy is to be conducted. If the referendum alternative is taken at their face value, somewhere along the line without a vote being taken in the Riksdag (Parliament), Sweden has decided to end its nuclear adventure within the next 25 years.

Proposal One (the Moderates) and Proposal Two (Social Democrat and Liberal) state in identical wording that no more nuclear power plants shall be built after completion of the current 12-reactor programme. The three "pro-nuclear" parties have committed themselves to phasing out nuclear energy.

The anti-nuclear proposal Three (Centre and Communist) calls for an immediate stop to nuclear power development and the closing down within 10 years of the six reactors already operating.

Thus, the referendum gives Swedes who believe in the long-term utility of nuclear power no chance to express their belief. Equally the Swede who is convinced that nuclear power is mortally dangerous will have to live with it for the rest of this decade even if the anti-nuclear proposal wins.

Constitutionally the referendum can only be "advisory." The power to decide rests with the Riksdag but all five parties have declared that they will accept the outcome of Sunday's poll. How they are to agree on implementing the results, however, remains a mystery.

Political compromise brought about the referendum and has at the same time sidetracked

(in the proposals offered to voters) the basic issue raised by the anti-nuclear movement, namely, is nuclear power good or bad, safe or dangerous? The compromises started in 1976 when the three non-socialist parties ousted the Social Democrats from government for the first time in 44 years.

The anti-nuclear stance of Mr. Fälldin was credited with attracting the crucial votes in the general election. The struggle between the pro-nuclear attitudes of his Moderate and Liberal partners and Mr. Fälldin's conscience broke the coalition after two years.

The accident to the Three Mile Island reactor in the U.S. last year transformed the situa-

tion, because Mr. Olof Palme, whose previous Social Democrat government had been firmly pro-nuclear, changed course and opened the way for the referendum, for which the Centre Party and the Communists had been calling.

His move, a compromise with the anti-nuclear lobby within his own party, kept the nuclear issue out of the 1979 general election but did not prevent the non-socialists from snatching a one-seat majority in the Riksdag. The decision to hold a referendum had been a compromise which allowed the non-socialists to resume their collaboration and form a Government.

This series of compromises has been motivated both by the

power struggle between the socialists and non-socialists and by all parties' efforts to react to the growing pressure from the anti-nuclear movement.

The People's Campaign Against Nuclear Power embraces several environmental and minor political groups but it has also succeeded in making inroads into the ranks of all the national parties. It is strongest among the under 35s, attracts more women than men and is backed by most popular artists. One person prominent in the pro-nuclear lobby complained about the "guitar players" at the details of nuclear energy with "guitar players". Although it is not accurately

reflected in the wording of the three proposals, the "real" referendum concerns the confrontation between the one side the People's Campaign and on the other side private industry and the nuclear technologists. Industry and employers have spent heavily to promote the nuclear cause. The People's Campaign has collected substantial amounts in small private contributions and has had many people working at the grassroots. Last Saturday it mobilised some 120,000 to march through cities and towns.

In this confrontation nuclear safety and the economic consequences of a 10-year phasing out of the nuclear power stations have been the most hotly contested issues. The two sides divide over the risk probability of a melt-down of a reactor core leading to a boiler explosion which could release dangerous radiation doses. The anti-nuclear lobby has also queried the safety of storing highly radioactive nuclear waste in underground rock chambers. Geologists differ about the effect that seismic tremors could have on the joints in rock formations.

The probability measures adduced by the experts, even the radiation comparisons with the statistically greater hazards of smoking, driving and pollution from coal and oil burning, remain arcane. People's subjective perceptions of the risks have probably not been changed by the arguments.

The Moderates, using the slogan "Energy for Sweden", have most strongly attacked the economic consequences of a nuclear shutdown within 10 years. Most professional economists rally to the "pro-nuclear" arguments on this score.

Industry and the Moderates have hammered away at the absurdity of a country which consumes more energy per capita than most others and

which has invested so much in nuclear technology discarding this source of energy at a time when it is importing oil to meet 70 per cent of its energy needs and is running up foreign debt to cover the deficits caused by oil price increases.

The six nuclear power stations in operation accounted for 23 per cent of electricity production in 1979. By the end of the decade the 12 plants planned would be supplying over 40 per cent of the increased electricity output.

The committee appointed by the Government to examine the consequences of a 10-year nuclear phase-out put the cost at some Skr50bn (£7.65bn), of which about Skr50bn would be needed for investments in alternative power plants and to cover increased operating costs.

It did not attempt to calculate the economic cost of the adjustment by Swedish industry to a non-nuclear situation in 1990. The restructuring entailed would call for much greater labour mobility and investments in new types of production.

In the pulp and paper, chemical, steel and aluminium industries, all big consumers of energy, companies have been holding back investments until the result of the referendum is known.

The public opinion polls have so far suggested that industry will get away with a fright. They indicate that the "pro-nuclear" proposals will collect 50-55 per cent of the votes with support for the anti-nuclear proposal varying from 35 to 40 per cent.

But the number of people who have not made up their minds appears to be high. The polls may also have underestimated the anti-nuclear sentiment in rural areas. Several "pro-nuclear" leaders, including the Moderate leader, Mr. Gösta Bohman, have urged their

supporters to avoid complacency.

The closer the result, the more trouble the Swedish political system is likely to have in handling it. Should the anti-nuclear lobby triumph, Sweden would be committed to a 10-year nuclear phase-out, the cessation of administering the decision would probably break the non-socialist government and the race to introduce alternative energy sources would severely stretch the economy.

A "pro-nuclear" win would give the country a quarter of a century to develop alternative resources but it, too, would put great strain on the Prime Minister and his Centre Party. Mr. Fälldin has said that the anti-nuclear campaign would not stop.

The longer time span could allow some political re-thinking about nuclear power, however, Mr. Bohman, the Moderate leader, among others has pointed out that the referendum results cannot bind the next generation of politicians or future governments.

The conclusion may well be that a referendum is not a judicious instrument for solving such matters, at least not when it is so distorted by political compromises.

**COMPANY MEETINGS**  
Chester Waterworks, Aqua House, 45 Boughton Street, Chester, 4. Drayton Far Eastern Trust, 117 Old Broad Street, EC, 12.15. Glasgow Stockholders Trust, Ashley House, 121-125 West George Street, Glasgow, 12. Initial Services, 300 Goswell Road, EC, 11. Wearra, The Rugby Post House, Crick, Northamptonshire, 12.  
**COMPANY RESULTS**  
Final dividends: Carlton Industries, Gibbs and Dandy, J. Hewitt and Son (Fenton), Williams and James (Engineers), Interim dividends: Briport-Gundry (Holdings), Pitco Holdings. Interim figures: The Berry Trust.

## Today's Events

**GENERAL**  
The Queen opens new phosphoric acid complex at Alburgh and Wilson's Marchion works, Whitehaven; and opens new British Steel Corporation foundry, Workington.  
Conservative Central Council two-day meeting opens, Bournemouth.  
Second day of Scottish Liberal conference, Rothay.  
Mr. Albert Booth, Shadow spokesman on transport, speaks at Kendal Labour Party on the End of Consensus.  
Prince Charles visits Exeter Circus, Salzkirk; a textile mill at Innerleithen; and an animal

research establishment at Blyth Bridge.  
Sir Peter Gadsden, Lord Mayor of London, attends launch of appeal for St. Bartholomew's Hospital; dines with Company of Chartered Secretaries and Administrators; Mansion House.  
Home Video Show opens at Cunard International Hotel, London (until March 25).  
**PARLIAMENTARY BUSINESS**  
House of Commons: Private Members' motions.  
**OFFICIAL STATISTICS**  
Department of Transport publishes new vehicle registrations for February.

## Letters to the Editor

### Trade unions and industry

From the Chairman, Kitchen Devils  
Sir—Surely your correspondent A. L. Beard (March 13), was joking when he wrote that all our industrial ills could be laid at the door of trade unions. This premise is dangerous in so far as it blurs major reasons and issues which all contribute to the decline.

For example many will remember the comprehensive report, published by the Financial Times which followed the collapse of Norton Villiers. This showed that the latter's machine tools were in many cases 20 years old or more. Further that the investment in R & D amounted to £1,500 per worker per annum. Honda at that period was spending £7,500 per annum per worker. And Honda's wages and salaries were superior to that of Norton Villiers.

The current minimum lending rate at 17 per cent is causing havoc among exporters—case histories can be read almost each week. Another factor which cannot be omitted is the flood of foreign goods "passed off" as British by virtue of being sold under British brand names. Successive Governments have not seen fit to modernise the Trade Description Act and provide the latter with some teeth. And again unfair competition, a classic example—does Mr. Beard not know that he can buy 1 ton of Korean teaspoons in London, cheaper than a ton of steel strip manufactured anywhere in Europe? France allows such products to be imported only on quota.

Heaven knows that the trade union movement has: it's "wants"—but to blame all our troubles on it, is both simplistic and obscuring.

H. G. Bearston,  
Kitchen Devils,  
261, Goldhawk Road, W12.

### Friedman on TV

From the Chairman, Free Trade League and Cobden Club

Sir—I was most interested to read Chris Duxley's review (March 19) of Milton Friedman's series on BBC2. I think Chris Duxley flatters himself if he thinks that, given a film crew, etc., he would be able to present as convincing a series. I am astonished that he considers Milton Friedman who has been trying to prove that black is white. I should have thought that very largely he was trying to show that the way to hell is paved with good intentions and that there is enormous waste in welfare schemes paid for out of taxation.

Many years ago Winston Churchill referred to "robbing Peter to pay Paul and charging the public a heavy commission on the job." Milton Friedman shows that the same forces are at work today and that these forces have approximately the same effect whether they apply in the United States, in Britain, Europe, Japan or elsewhere. I think Chris Duxley is less than fair to the distinguished industrialist, economist and others who have taken part in the televised discussions with Milton Friedman. To suggest that they have come to their task ill-prepared surely is an unjustified slur. I am certain that all the members of the panel came fully prepared, according to their lights, to do battle for ideas which many of them have held for a great

number of years, if not the whole of their adult lives. It has been fascinating to see the difficulty which some of them have found in dealing with the Chairman and the examples put forward by Professor Friedman. In passing may I mention his exemplary courtesy to the members of the panel and the way that he dealt with their arguments and comments. Unfortunately, not all the members of the panel dealt with Professor Friedman with the same degree of courtesy.

I would agree that the programmes were too short to affect full conversion. I detected, however, distinct signs that the ingrained ideas of some of the panel members had been shaken by their contact with the Professor.

Newton Jones,  
c/o W. H. Jones and Co. (London),  
Tower House, N20.

### Private medical cover

From Mr. E. Koops  
Sir—It is simply not true for your insurance correspondent (March 17) to state that it is academic as to whether the employer or employee pays the cost of private medical cover.

If an employee pays for such cover it is out of taxed income, if the employer pays it is a taxable benefit to the employee and he therefore pays tax on the benefit. Thus to take a simple example where the employee is paying a top rate of tax of 40 per cent, and with premiums of £100 per annum the incidence of cost is as follows: if paid by the employer, there is a taxable benefit of £100 and a tax of £40 payable by the employer; but if paid by the employee, then the before tax income he/she requires to pay the premium of £100 is £167.

Thus the current practice clearly discriminates against the individual. While I applaud all that our Health Ministers are doing to strengthen our health services, I would hope that this Government will make premiums paid directly by employees an allowable deduction for income tax purposes, just as they are allowable for companies when computing their tax payable. Since treatment in private nursing homes often costs less than in many hospitals there would be a considerable saving for the country, individual initiative encouraged, and fairness would have been restored.

Eric Koops,  
Mill End,  
Clouering Essex.

### Outcome of a nuclear war

From Mr. N. Davie-Thornhill.

Sir—I find the current correspondence on defence unrealistic. We cannot hope to contain any future war to conventional (obsolete) weapons. Which ever side is losing will reach for a more deadly weapon in self defence. Once nuclear war has started there can only be losers and a highly populated island such as ours will lose most. Discussion about the numbers who survive is not relevant. What is relevant is what sort of world will we leave for people to survive in. I would welcome informed information on this point, particularly the genetic damage likely.

To take the other worst alternative, Russian Communist domination of the world—is that really worse? The practical difficulties of controlling the world population, however ruthless

the methods, weakens the degree of control. Communism may develop in less objectionable ways, after all, the intentions are nominally good even if the results are deplorable. Nothing surely could be worse than a world devastated by radioactivity and inhabited by curious mutations.

N. B. Davie-Thornhill,  
Stanton Park Farms,  
Hinderclay Hall,  
Near Diss, Norfolk.

### Methods of travel

From Mr. R. Thomas

Sir—Mr. Dangour (March 18) does have a point. He does not, however go far enough in his comparison of methods of travel.

My daily journey, one of fifteen miles round trip, would cost £1.40 by Underground and can take up to one and a half hours each way. Hence I make use of that marvellous piece of machinery, the bicycle. My journey time is around thirty-five minutes each way and I have no fares nor parking charges and very modest maintenance costs.

With the escalating price of oil I find it odd that so little is done to encourage the use of the bicycle.

Robert Wilson Thomas,  
Flat No. 1,  
King Edward's Mansions,  
629 Fulham Road, SW6.

### British food processing

From the Director, British Food Export Council

Sir—I have read with interest the comments (March 11) made by Mr. Brian Gardner, the European director of Agre Europe. I am particularly intrigued by his suggestion that in Britain there is "a lack of any large scale trade in food and food products." In fact the British food processing industry is the second largest in the world.

Although Britain is, admittedly, a heavy net importer of foodstuffs, I feel it should be noted also that the food industry is one of the most important exporters in the country and, indeed, in 1979 food and drink exports ranked fourth on an industry basis, behind petroleum, minerals and road vehicles.

For over a century Britain has led the world in developing the technology of food processing, and has a worldwide reputation for importing raw materials for processing and re-exportation.

This council is planning, over the next three years, an annual growth rate of 5 per cent in real terms, exclusive of the inflationary factor in prices. To achieve this objective, particular attention will be paid to the EEC, to which Britain exported £1.1bn worth of food products in 1979, representing 64.9 per cent of total food exports of £1.75bn.

Alan M. A. Battle,  
Europe House,  
East Smithfield, E1.

### Public sector technology

From the President, British Transport Officers' Guild.

Sir—The article by Mr. David Fishlock (March 18) highlights a serious problem which must be tackled if Britain is to retain a reasonable share of the world's markets.

It is disturbing that such a significant proportion of research is undertaken by the

public sector, but I have no doubt the private sector could put forward many reasons why it has tended to curb its activities in this field.

One can argue whether British Rail's technical centre at Derby has been commendable or not. It must be borne in mind however, that over the past twenty to thirty years railways have been a steadily declining industry in this country; and one must therefore ask whether private industry viewed railway research as a risk worth undertaking.

During this period the general situation of the railways has been exacerbated by critical pronouncements from a very powerful lobby which has helped to ensure a steady reduction of government investment in the railways—not for BR the opportunity of a steady ordering programme which the German state railways enjoy, and to which your correspondent refers! The current cash cuts for BR serve only to illustrate that Government thinking on investment in nationalised industries shows little change.

Perhaps under a better industrial strategy we might have retained a small thriving group of railway rolling stock manufacturers, each with a research division possibly even export-orientated. Nevertheless, it can at least be argued that BR has ensured a UK manufacturing base and research facilities which can be developed to cater for BR's own demands and the export market in the foreseeable future. In this respect the situation looks a little better than the present state of the indigenous road motor industry. It would seem that the investment here of a little of North Sea oil revenue would be money well spent.

M. H. Williams,  
Room 307, West Side Offices,  
Kings Cross Station, N1.

### The engineering dimension

From Professor R. Thomas

Sir—The critique of the Finiston report by Professor Holliday (March 17) highlights the dilemma in reconciling its initial analysis and the subsequent prescription. The indictment of management in manufacturing represented in the analysis rightly leads to the definition of the engineering dimension in terms of which the technology, whatever its "height" is geared to customer satisfaction. Yet as the many successes of UK manufacturing demonstrate, the Finiston stim of moving into "higher" technology as a condition of industrial survival needs restatement. There is a danger of interpretation—as your correspondents have done—as high technology for its own sake, when what is surely being argued is the case for "high added value."

To attain this requires the strong business element recognised in Finiston's definition of "the engineering dimension." The question rightly posed is whether the business management element in that dimension is either correctly diagnosed or adequately treated in the recommendations.

On the first point one is bound to agree with Professor Holliday and Mr. Hill. The operations management role is a very demanding one in terms of social and political skill as well as technical knowledge and planning/programming technique. Exposure to marketing and sale/service activities, as suggested in the report can be a valuable element in career

development, but all this is to be made dependent on the very management that are criticised in the earlier analysis.

The second point, the recommended "inputs" and the responsibility for their provision, therefore puts an enormous weight on the powers of the projected engineering authority, for the "inputs" while highly commendable, have still to be achieved by some form of joint action between management and those concerned with the education of engineers. It is here that three factors need to be considered.

The first, as your contributors rightly warn, is that of balance, both between "business" and "technical" inputs, and within "production" between social/economic and programming aspects. The second is in the whole approach to teaching and learning. Engineering and business inputs tend to be imparted independently, when what is needed is a joint interactive approach.

The various new degrees now being launched involve not only a change in balance, but even in methods of learning. Only in this way can the synthesis of "the engineering dimension" be achieved.

There may be a strong case for longer preparation for the engineer as such, but it will take a long time for the Finiston proposals to have substantial effect. The engineering dimension is needed now. The challenge is how to get the change of emphasis across before deindustrialisation proceeds deindustrialisation.

(Prof. R. E. Thomas,  
University of Bath,  
Claverton Down, Bath.

### A currency commission

From the Secretary, Campaign for a Competitive Exchange Rate

Sir—Your readers should not be deceived by Mr. Edward Holloway's excursion into history (March 7) into thinking that the setting up of an independent currency commission operating on fixed guidelines would do anything but compound the problems which face us at the present time.

The collapse in 1929 had nothing to do with the money supply. The United States Federal Reserve was operating just as an independent commission would have done. The money supply was rising in step with output in the period 1926-1928 and prices were stable, but wages had not risen as fast as productivity and this gave rise to a profit inflation. The velocity of circulation of bank deposits increased from 1.73 in 1926 to 2.42 in 1929. The problem was the demand for credit, not the supply of money.

A fixed monetary rule would not have prevented the collapse from extending to the UK and it would certainly have impeded the recovery. It was facilitated by an increase of 7 per cent in the money supply between 1929 and 1933, despite a fall of 10 per cent in GDP, but the driving force was the devaluation of 30 per cent and the increase in tariff protection for our goods at home and in the Commonwealth.

Experience since the war tells the same story. The money supply rose in step with output between 1949 and 1961, but prices rose by nearly 60 per cent. Would a currency commission have reduced stop-go to John Mills.  
72, Albert Street, NW1.

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## AUSTIN REED



## Companies and Markets

## UK COMPANY NEWS

# Barclays dividend boost as profit leaps by 42%

CONTINUED expansion of the clearing bank business which benefited substantially from high interest rates was the major contributor to a 42 per cent rise in Barclays Bank pre-tax profits from £273.3m to £529.4m in 1979. The UK side expanded by 70 per cent.

Shareholders are rewarded with a 36.6 per cent increase in the total dividend which is up from 13.543p to 18.5p—the final is 10.25p per £1 share. Stated earnings per share are 150.5p against 108.3p.

A one-for-five scrip issue is also proposed and it is hoped to maintain the dividend rate for 1980 on the increased capital. The dividend increase takes account that distributions since 1973 have fallen behind the inflation rate, Sir Anthony Tuke, the chairman, says.

Sir Anthony says stockholders "and indeed all those concerned with our results" would expect the bank to perform well in the present circumstances in order to provide the strength Barclays will need when interest rates fall.

We may then be balancing a lower income against higher costs in a period of economic stringency," the chairman adds. Profits on a CCA basis are £355.5m against £290.3m and net profits are £193.3m (£154.8m).

## BIG FOUR COMPARED

	Group % increase	Profit	Dividend
Barclays	42	529.4	18.5
Lloyds	48	276.8	14.5
Midland	38	315.0	13.5
National Westminster	44	441.5	14.5

Profits before loan interest and tax amounted to £529.4m against £301.6m with Barclays Bank contributing £325.4m (£188.2m); Barclays Bank International, £150.2m (£136.6m) and Mercantile Credit, £53.9m against £23.9m. Contributions from Barclays Merchant Bank, £77m (£10.3m) and other subsidiaries and associates, £27.3m (£23.8m).

Despite a strong pound and narrow spreads in the Euro-dollar market which made profits harder to earn, Barclays Bank International achieved a satisfactory increase of 12 per cent to £137.7m before tax, the result of general growth of the bank's business throughout the world. The figure includes a contribution since May 1979 from the newly acquired finance company, Barclays American Corporation. For the first time, almost all

## HIGHLIGHTS

Lex examines the reaction to the proposed redefinition of the monetary base and details the many causes of Stone-Platt's missed final dividend and a net attributable deficit for 1979 of more than £17m. Barclays closes the clearing bank reporting season and the column also looks at the latest figures from the Dutch electrical giant, Philips. Included in a long list of company profit announcements were C. T. Bowring, the major insurance broker facing imminent attack from Marsh and McLennan, Tricentral, which is diversifying from its prosperous North Sea base, and Hepworth Ceramic. Despite a further contraction of many of its main markets, Hepworth more than recovered from a very difficult first half as profits climbed 35 per cent in the second six months. Wolseley Hughes also made up for a setback in its engineering division with a £2.2m profits rise to £7.7m. Another investment trust is coming to the market, this time through a placing, and the Trust of Property Shares will be concentrated in the quoted property sector.

the group's subsidiaries have produced accounts to December 31. To give a true comparison, their profits for 1979 have been consolidated in the profit and loss account; those for the last three months of 1978—approximately £40m before tax—being placed direct to reserves.

Operating profit of £502m (£348.3m) is stated after charges for bad and doubtful debts of £55m (£22.3m); losses of £12.3m on realisation of investments other than trade investments (£13.3m) and depreciation of £53m (£40.9m).

Of the increase in the depreciation charge for 1979, some £11m is due to revaluation of properties and reclassification of assets. There is also an allocation of £20.3m (£14.7m) to Trustees for the profit-sharing schemes.

Tax on profits amounts to £162m (£135.5m) but is reduced by £109.5m (£59.2m) due to deferment of tax liabilities for which provision has not been made. Total amount of potential deferred tax not provided at December 31, 1979, is £214.6m (£158.7m).

Provisions at December 31 for bad and doubtful debts amount to £379.8m (£400m), being £234.7m (£258.9m) specific and £145.1m (£111.1m) general. Both specific and general provisions are gross without deduction of tax relief.

The bad and doubtful debts charge comprises £25.5m (£18.1m) specific and £55m (£7.2m) general less £5.5m (£2.3m) recoveries of amounts previously written off.

Total assets at the year-end

were £30.33bn against £23.88bn. Deposits rose from £20.84bn to £26.3bn due to expanding business but also as a result of inflation. Advances stood at £20.53bn (£16.76bn). See Lex

## Bronx Eng. profits well up

FOLLOWING the recovery from a depressed £57,900 to £230,600 in the first six months, Bronx Engineering Holdings reports pre-tax profits of £824,273 in the year ended November 30, 1979 compared with £317,213 in the previous year.

Turnover amounted to £11.21m against £12.17m but the board explains that the 1978 figure included £1.78m from a long term contract almost completed at the 1978-79 year-end and for which a substantial proportion of profit was included in the 1977 accounts. There were no long term contracts in 1977-78.

As expected the directors are recommending an increased final dividend—up from 1.3154p to 1.58p to lift the total from 1.7554p to 2.1p. A one-for-one scrip issue is also proposed. Stated earnings per share are 4.8p against 2.3p.

The year's tax charge, including deferred tax, is £326,666 (£171,533) and there is an extraordinary credit of £311,623

# Tricentral up £13m year end

FINAL QUARTER profits of £7.37m against £1.08m, have lifted the taxable surplus of Tricentral from £8m to a record £21.27m for 1979. The UK oil and gas contribution jumped from £4.21m to £13.69m for the year, with the US side more than doubling to £2.87m against £1.01m.

Turnover expanded by some £67m from £142m to £209.2m. And the dividend is boosted to 7p net (10p gross), compared with 1.875p, with a final of 4.2p—a total of 8p gross was forecast last April.

At the interim stage profits had risen to £7.22m (£4.34m). The year's profits included an exceptional credit of £384,000 (£153,000 debit) and was subject to a tax charge increased from £2.03m to £10.84m. This left net profits at £10.43m against £5.98m, giving basic earnings per 25p share of 21.4p (14.9p) and 20.8p (14.1p) fully diluted.

Turnover 1979 1978  
UK oil and gas 31,552 14,389  
UK oil trading 18,376 14,389  
Canadian oil and gas 4,859 4,348  
U.S. oil and gas 5,195 3,907  
UK automotive 106,071 76,722  
UK trading 36,131 31,190  
European trading 8,140 3,320  
Australia 4,958 2,455  
Canada 1,988 2,455

Trading profit 20,621 9,021  
UK oil and gas 13,885 4,206  
UK oil trading 282 1,286  
Canadian oil and gas 1,276 1,013  
U.S. oil and gas 2,874 1,013  
UK automotive 2,944 2,204  
UK trading 494 653  
European loss 964 355  
Australia 658 118  
Canada 50 116

Research expenditure 106 110  
Interest payable 658 470  
Head office costs 706 470  
Interest receivable 1,987 335  
Operating profit 20,887 8,189  
Exceptional credit 384 113  
Pre-tax profit 21,271 8,006  
Tax 10,434 2,025  
Net profit 10,837 5,981  
Dividends 3,773 661  
Reserves 6,655 5,320

\* Less: £1 Debit.  
Tricentral Industrial Corporation, the group's operating company for all non-oil activities in the UK, has acquired the hardware interests of R. and G. Cuthbert from Remanor (UK), for some £8m, and will complement the activities of Tricentral Trading.

Tricentral Industrial has also completed negotiations and entered into an agreement for the purchase of Stevens Travel, motor caravan hire operation, of Hampton Hill, Middlesex, for £2m cash.

The directors state that exploration, development and

production of oil and gas remains the main business, which will be expanded with emphasis on three areas: UK Continental Shelf, North America and offshore China.

They believe that North America offers the best environment and opportunity, in the short term, for a company the size of Tricentral—directors are preparing to take the necessary steps to place shares in the U.S. and Canada, which could result in some 20 per cent of the group's equity being placed there.

They add that the increased visibility of the company, through the share placing will enhance opportunities for further acquisitions in North America.

Of the non-oil and gas interests, the directors have limited investment to three main areas: vehicle distribution with associated leasing, hiring and specialist operations; wholesaling, warehousing and distribution of hardware and equipment for the home and garden; and the design, manufacture and wholesaling and distribution of products likely to be in high demand because of increasingly high energy costs.

## comment

Despite Tricentral's aggressive strategy of diversifying away from oil and gas, the group's Thistle revenues continue to dominate. Not that Tricentral is complaining. North Sea earnings more than tripled last year and will rise substantially in 1980. Thistle assets provide a solid backing for the share price, up 8p at 290p yesterday, and permit fund raising exercises such as the planned North American issue. At the same time, the cash flow allows the group to pick up distribution businesses which show a strong return on capital, as well as long-term hedges against energy shortages, such as the Cableform acquisition. Even if the currently catastrophic results from Tricentral TV cast some doubt over the group's skill at managing non-resource companies, the strategy looks a sound one and provides additional support for the p/e of 13.7 on fully diluted earnings. The group's eventual aim of paying dividends from its commercial activities is still a pipe dream since profits here would not be like cover last year's payment, which yields 3.5 per cent.

# Stone-Platt £2.9m loss —omits final dividend

A SECOND half turnaround of £3.9m to a £3.68m loss, has left Stone-Platt Industries with a taxable loss of £2.94m for 1979, compared with £9.51m profit—a peak of £15.6m was achieved in 1976.

And the final dividend has been passed leaving the year's total at 1.4p net per 25p share, compared with 4.035p.

In September the directors said they hoped to maintain the year's dividend at the 1978 level. Problems during the year were in three areas, all in the UK: Platt Saco Lowell, in textile machinery, incurred a £2.93m loss (£3.45m profit); the main mechanical division replaced a £2.33m profit with a £53,000 loss; interest charges rose from £3m to £5.47m.

And results were adversely affected by national strikes, and reduced margins, caused mainly by strong sterling and continuing inflation.

Margins on exports will remain under pressure, the directors say. As a result some concentration of manufacture is being made in the UK to eliminate excess capacity, to reduce overheads and to improve productivity.

They state that the main uncertainties continue in the UK; the steel dispute may have an adverse effect on output, and the UK plants of Platt Saco, and its textile colleague, the Scraggs group, are at present working short time.

1979 1978  
Sales 211,467 182,778  
Profits 2,535 12,504  
Pier Saco loss 2,824 3,477  
Scraggs 1,385 224  
Electrical 2,975 4,601  
Furniture 2,315 1,983  
Marine, mech. loss 1,082 1,983  
Interest 5,473 2,995  
Less before tax 2,838 3,509  
Tax 2,838 3,509  
Making loss 5,676 7,012  
Minorities 286 36  
Dividends 113 113  
Attributable loss 5,828 6,803  
Ord. dividends 565 1,637  
Exchange loss 1,173 1,129  
Extraordinary debit 8,535 1,129  
From reserves 17,510 13,567  
\* Profit, £ Retained.

The announcement of the Oldham plant closure has

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. Total of year	Total last year
Barclays Bank	10.25	May 19	7.41	13.54
Roddingtons Breweries	2	—	1.51	2.91
C. T. Bowring	4.33	—	2.36	3.38
Bronx Eng.	1.58	May 12	1.51	1.75
Capeals	1.5	May 23	0.97	—
City of Aberdeen	1.5	April 27	1.7	4.5
Cope Allman	1.2	May 19	1.2	3.05
Courtesy Pope	1.2	May 9	1.68	2.49
Fife Forge	2.5	June 2	1.94	3.08
Hepworth Ceramic	2.75	May 13	2.7	4.5
Lex Service Grp.	4.2	April 25	5.1	8.17
Lpool Daily Post	6.04	—	0.48	—
Mills and Allen	4	May 15	2.73	10.98
New Equipment	0.89	April 25	0.96	1.04
Norvic Secs.	0.8	May 23	0.8	1.2
Photo-Me Int'l.	3.15	April 23	2.51	8.45
Pressac Holdings	0.51	May 20	0.51	2
Rock Barham	0.75	—	—	—
Second City Prop.	0.82	May 12	0.56	2.07
Steelcity	6.57	April 25	4.47	10.76
Sharpe and Fisher	1.25	May 30	0.88	1.75
Stone-Platt	Nil	—	1.33	4.44
Tate of Leeds	1.25	May 1	1.25	1.25
F. W. Thorpe	1.21	May 14	0.73	1.06
Tricentral	4.2	May 30	2.63	4.33
James Wilkes	2.63	July 1	0.82	1.75
Winstone Estates	1.05	July 4	3.65	—
Wolseley-Hughes	4.4	—	—	1988

Dividends shown pence per share net except where otherwise stated.  
\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.

led to a strike which may end production prematurely. However, the electrical, marine and pump businesses are all forecasting better results for 1980, and overseas results should be satisfactory, the directors say.

They are confident that the determined action which has been and is being taken will lead to a progressive improvement. The current year is bound to be difficult.

In the longer term they look to a return to proper profitability.

The extraordinary items comprised of the estimate of the cost of concentrating Platt Saco in

Lancashire, on two sites, and the closure of the Oldham plant, amounting to £7.5m, and £24m goodwill write-off on acquisitions.

Pre-tax loss per share is shown as 8.4p (£4.3p earnings), and 14.7p (£5.3p earnings) after the charge.

Net asset value at the year end was 133.6p (158.6p), return on sales fell from 6.5 per cent to 5.2 per cent, and return on capital employed was well down at 2.4 per cent compared with 14.2 per cent.

Long and medium-term borrowings totalled £36.2m (£24.5m), of which £5.7m is repayable within five years.

See Lex

# Hepworth Ceramic over £36m and beats forecast payment

WITH second half pre-tax profits of Hepworth Ceramic Holdings moving ahead from £15.53m to £20.89m, a higher than forecast final dividend is recommended by this manufacturer of vitreous clay, plastic pipes and refractory products.

At the interim stage the board forecast a final dividend of 2.65p, but this has been raised to 2.75p against 1.935p, increasing the total from 3.685p to 5p. Stated earnings per 25p share are up from 15.7p to 20.9p.

Pre-tax profits for the full year climbed from £30.41m to £36.17m on turnover up from £246.9m to £272.24m. Interest charge less investment income was down from £884,000 to £775,000, and exchange losses were £850,000 (£945,000). There was extraordinary debit last year of £185,000. Attributable profit rose to £27.31m against £19.56m.

Dividends absorb £7.16m

(£4.67m), leaving £20.15m (£14.89m) to be retained.

In a breakdown of the group's main activities, clayware contributed £92.6m (£85.2m) to the turnover, but profits were down slightly at £14.4m (£15.1m).

Other divisions, refractories £61.1m (£59.5m) and £5.3m (£2.6m); industrial sands and minerals £47m (£41.3m) and £9.5m (£7.3m); plastics £43.1m (£34.4m) and £4.4m (£3.2m); foundry resins and equipment £17.1m (£14.4m) and £1.4m (£1.1m); engineering and miscellaneous £15.6m (£13.9m) and £1.2m (same). There was an inter-divisional loss of £4.3m (£3.1m).

Exports from the United Kingdom rose from £32.5m to £35.9m.

## comment

Once again Hepworth Ceramic has overcome the shrinkage in

its markets to produce a performance above outside expectations. Second half profits were up by almost 35 per cent and the share responded with a 7p jump to 104½p. At this level, they trade on a multiple of 4.8 times earnings after a low tax charge, which is hardly demanding given the exceptionally depressed first half of last year and the benefits from new products which should accrue in 1980, particularly on the plastics side. Furthermore, the recent rights issue has left Hepworth sitting on a cash pile of perhaps £27m which should be applied in U.S. acquisitions in the current year. There were certainly exceptional profits in 1979—recovery from a depressed base in plastics and almost £1m from an investment sale—but this may be set against closure costs, which amounted to £1.2m in clayware along last year. The yield is 7 per cent.

# Investment trust comes to market

BY ARNOLD KRANSDORFF

A NEW investment trust specialising in the UK property share market is being launched with a capitalisation of £600,000. It will be the third investment trust to come to the market this year. The new trust is called the Child Heath Research Investment Trust.

Brokers Quilter Hilton Goodson and Company have arranged for a placing of 2.7m ordinary 5p shares at 10p per share in Trust of Property Shares.

About three-quarters of the placing—equal to 45 per cent of

the issued equity—has been taken up by private and institutional clients of Quilter with the balance being made available to others brokers. The remainder of the shares are held by the family interests of Mr. E. N. Goodman, the chairman, who is a former managing director of The Collingwood Group.

Application has been made for all the shares to be admitted to the Official List of the Stock Exchange. Dealings are expected to begin next Thursday.

Funds will be invested mainly in the shares of listed UK

property companies although up to 15 per cent of the portfolio could include unquoted companies owning reversionary shop and office properties.

The directors aim to achieve growth "in both income and capital appreciation."

Dividends will be payable in mid-April each year and are expected to amount to between 85 per cent and 95 per cent of the company's income available for distribution.

The other directors are Mr. R. Bruce, Mr. S. Kon, Mr. A. Peters and Mr. V. Wood.

# Rolls-Royce Motors outlook

AFTER A year which saw pre-tax profits of Rolls-Royce Motors Holdings tumble by some 50 per cent, Mr. I. J. Fraser, chairman, says in his annual statement that the car side of the business is in good heart and well ready to meet the challenge of the 1980s.

As the company approaches the introduction of a new model, he is confident that it will be received as worthy successor to the Silver Shadow.

For 1979, as reported on March 11, taxable profits slumped from a record £14.6m to £7.15m, mainly due to a poor result from the diesel engine division, where a trading profit of £4.47m turned round to a £1.69m loss. The chairman said, however, that he expected current year profits to improve.

The accounts show that on a CCA basis group pre-tax profits would have been reduced to £5.38m (£12.13m).

Mr. Fraser says that the London car factory did not

achieve its target, but changes in organisation are beginning to bring about improvements. Demand in the UK for all models was strong in 1979, and distributors are confident about sales prospects for 1980.

Although the outlook for diesel engines is not good, encouraging signs for the future are the decision by the Government to select the company's Condor engine for the next main battle tank (MBT 30) which will replace the Chieftain later in the 1980s, and negotiations for Britain to supply Jordan with tanks powered with CV 12 engines.

Of the company's other activities the main is precision components, and here Mr. Fraser says that prospects are excellent and further steady growth can be anticipated.

Meeting, Churchill Hotel, on April 17 at noon.

## ICI CONVERSIONS

Holders of a further 155 ICI £1,000 6½ per cent convertible guaranteed 1997 bonds have

exercised their right of conversion into ICI ordinary shares. The number of bonds now outstanding is 44,586.

## J. Makin improvement

PRE-TAX PROFITS of J. and J. Makin Paper Mills rose from £473,938 to £554,586 in the half-year to September 30, 1979, from turnover higher at £7.59m against £5.22m. Tax charged was up from £255,527 to £313,270.

The paper company increased its profits during the six months, but associate company J. and J. Makin (Metals) had a more difficult year, says the chairman, Mr. J. K. M. Pilling. He says the pattern for the current half has been similar but the board is expecting the overall profits to be higher than in the first half.

The interim dividend is raised from 0.484p to 1p to reduce disparity. Last year's total was 3p from pre-tax profits of £1.11m.

# F. W. THORPE LIMITED

(Manufacturers of Thorlux quality lighting equipment)

## INTERIM REPORT (Unaudited)

Half year to 31st December 1979

1979

Interim Dividend (Netts) 1.00p per share 0.725p per share

Turnover £1,239,424 £1,083,130

Profit before Tax £400,370 £377,954

Payment date, 14th May, 1980

# Birmid Qualcast on a realistic platform for the 1980's

Capital expenditure, £8.8m in 1979, will continue in areas where commercial opportunities exist.



Salient points from the Report and Accounts for the 53 weeks ended 3rd November 1979, and from the statement to shareholders by the Chairman, Mr. J. F. Insch, C.B.E., C.A.

When I reported on the interim results, I said that we expected some improvement in group

profits in the second half of our financial year. Had we been able to trade unencumbered by national strikes and external disruption, it is estimated that profits would have been approximately £4 millions higher. Whilst it is naturally disappointing to report a fall in profits, these particular adverse factors experienced put the group's performance into a more realistic perspective.

in maintaining our customer's confidence and have won business, both at home and abroad, against overseas competition.

Our aluminium foundries have done extremely well and our precision operations are showing tremendous progress. The ferrous foundries fared much worse. However, excluding the effects of the national engineering strike, demand was broadly in line with our expectations, and the circumstances prevailing confirmed our decision to contract iron foundry capacity. In South Africa we anticipate a break-even position in 1980, and profits thereafter.

The division is now leaner and much fitter and a small increase in demand overall could make a dramatic improvement in performance. Essentially, however, we regard the current year as one of consolidation, whilst expecting to see some of the benefits accruing from capital redevelopment and rationalisation.

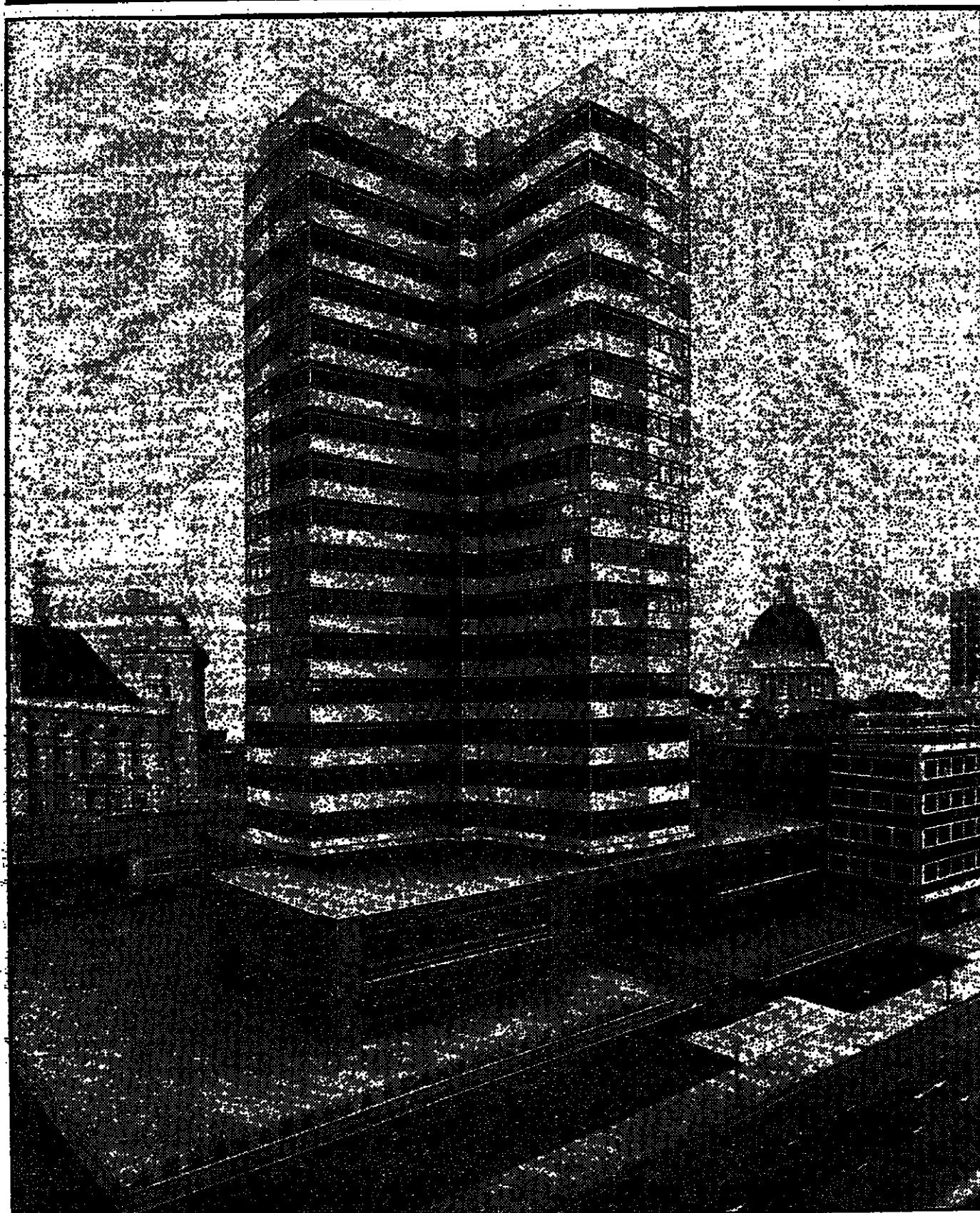
Heating: Demand for central heating equipment was buoyant throughout the year which enabled Potterton to achieve a performance better than expected. The development and launching of new products continues and the division is well situated to enhance the group's future prospects.

Home and Garden Equipment: Despite a very sizeable order book, supply shortages of electric motors and external labour disputes affected our lawnmower business in 1979. We enter the 1980 season with a satisfactory order book and improved results are budgeted for the division. In our determination to sustain our market position our capital expenditure will be at an enhanced level.

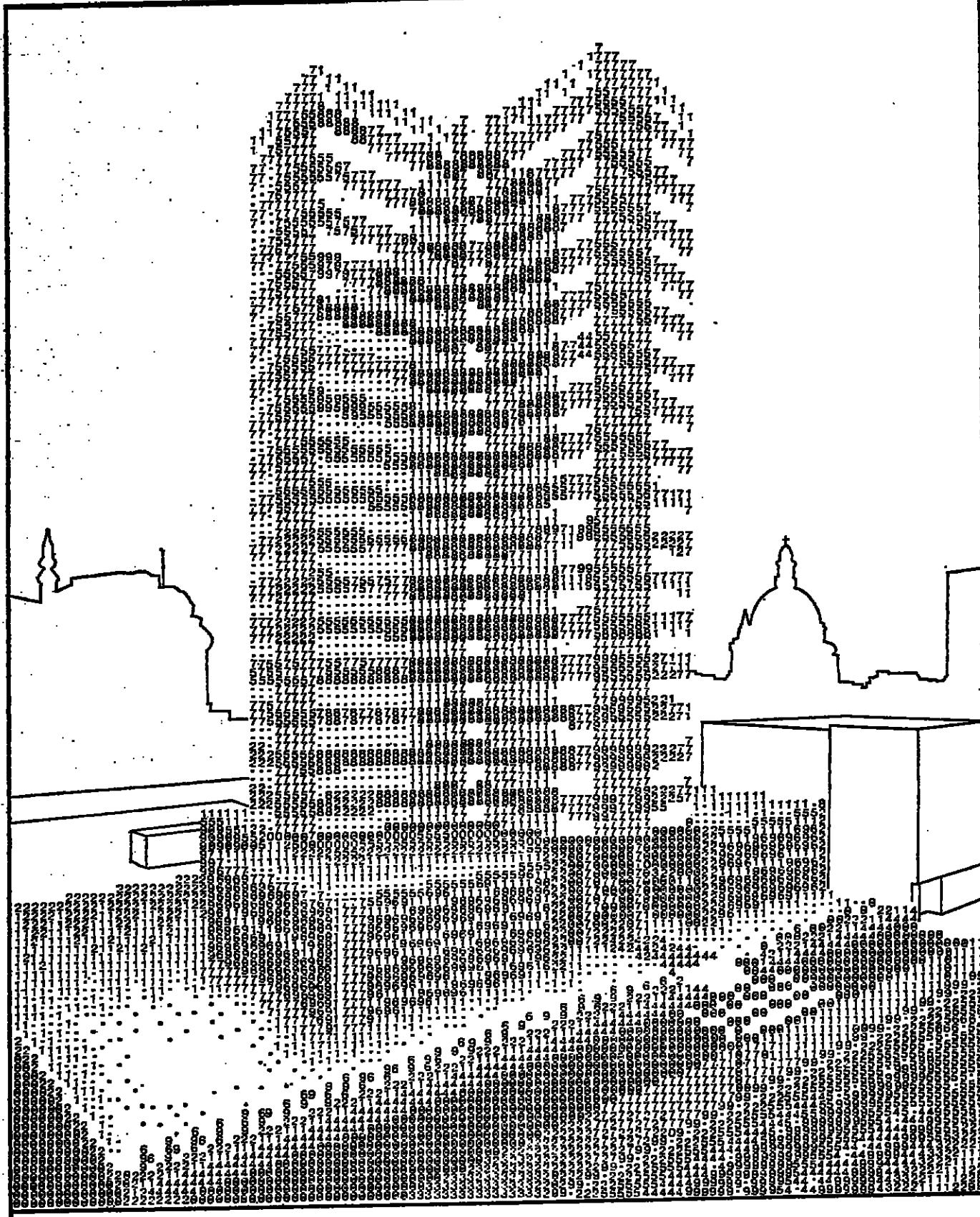
Our household product companies achieved improvement in performance and the introduction of new furniture ranges increased business from a wider customer base.



هكذا من الكمال



Future redemption yield 12.1%.



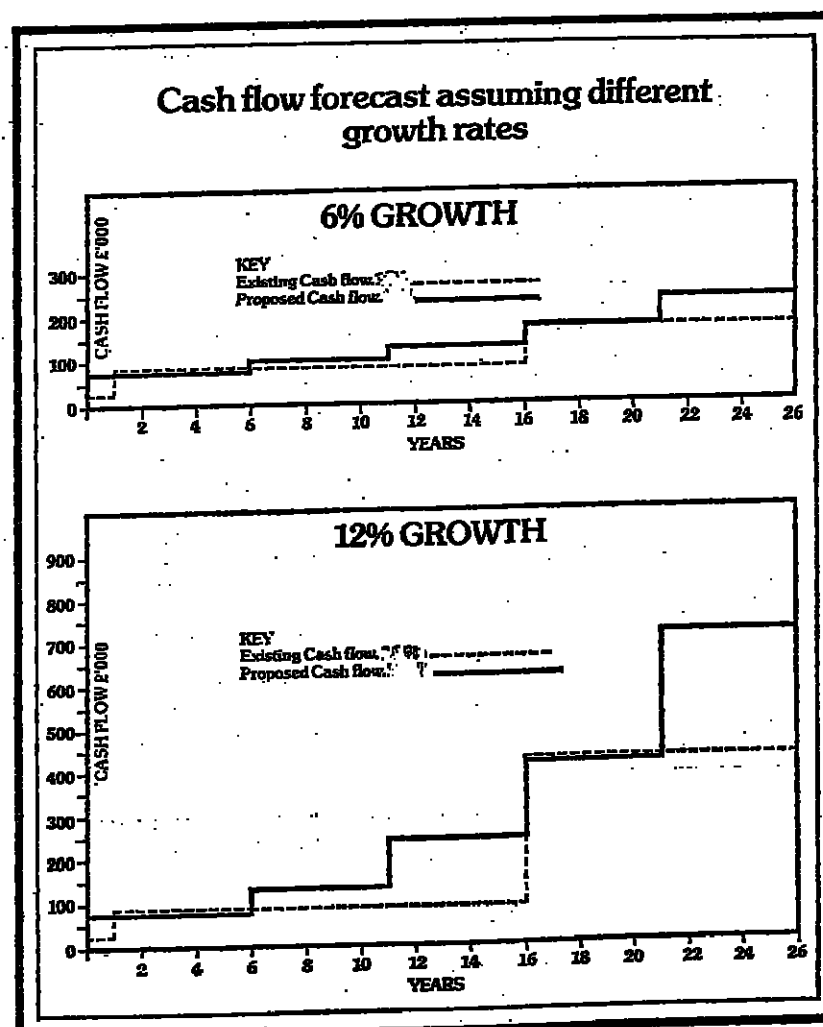
Future redemption yield 14.5%.

# How to turn a problem property into a profitable one.

Increasingly, it is being found by the more sophisticated property investors that one of the most fertile grounds for improving a Fund's future performance lies within its existing property portfolio.

Considerable extensions of the conventional "marriage value" techniques have recently been made possible by the establishment of comprehensive methods of analysis and computer modelling techniques.

These computer models can be set up to examine either an individual property or a portfolio, and can enable the portfolio manager to consider the implications of an unlimited number of variables, almost instantly, and with full discounted cash flow calculations in each case. These techniques substantially increase the ability of the portfolio manager to examine alternative courses of action and effect an improvement in overall performance of the existing portfolio.



Our techniques are, of course, particularly appropriate to the more complicated property problems where manually operated systems become too cumbersome to be effective. For example, we are able to examine an intermediary head leasehold interest in a multi-let building with unfavourable rent review provisions, and can quickly portray the implication of renegotiation, and establish the full extent of the "marriage value", both in capital terms and the effect on the long term income potential, assuming a researched future growth rate.

We will be pleased to discuss the techniques that we have developed with you. For more information about our portfolio management services please contact Mike Stephens or Iain Reid at Richard Ellis, 64 Cornhill, London EC3V 3PS. Tel: 01-283 3090.

## Richard Ellis

Chartered Surveyors







## UK COMPANY NEWS

Lex Service  
expands £4.8m

FOLLOWING an increase in second-half taxable profits from £9.83m to £10.91m, Lex Service Group, car and commercial vehicle distributor and hotelier, finished the year to December 31, 1979 with a surplus of £22.8m compared to £18m.

A final dividend of 4.2p lifts the total to 4.5p to 7p. At the interim stage, directors stated their intention to increase distributions in line with real growth of the group.

Turnover rose more than £100m from £398.5m to £499.2m and the profit is struck after higher interest charges of £6m (£4.5m).

After tax of £3.1m (£2.1m), earnings per 25p share are shown as 30.78p (27.65p).

Extraordinary debits of £0.2m (£1.1m) leave the attributable surplus at £19.5m (£14.5m) and dividends absorb a further £4.6m (£2.7m).

Comparative figures for 1978 have been restated following a change in accounting policy with regard to deferred lease payments.

## ● comment

For a motor distributor Lex's share price has held up remarkably well in these uncertain times. Its strength, of course, is the Volvo contract and margins are generally better than most competitors. Against an overall increase in car sales of nearly 8 per cent in 1979, Volvo's jumped by more than a fifth to increase its market penetration to 2.13 per cent. While much of this is no doubt due to the slack in the home market, a favourable exchange rate against the kroner

makes the product very competitive and there is an expanding dealer network. The current year, although it has opened well, has to be viewed with caution given the pessimistic forecasts for car registrations in the second and third quarters. While this may put some pressure on margins, Lex should however be able to outperform other distributors. The biggest headache will be a much higher level of interest charges and this will make profits growth that much more difficult to achieve this year. With a historic p/e of 2.8 at 99p, up 3p, and a yield of 11.7 per cent, the shares nevertheless look cautiously rated.

J. Wilkes  
£295,530  
shortfall

AS forewarned at the interim stage, profits of James Wilkes, manufacturer of business forms and equipment, for 1979 are down on those for the previous year. The pre-tax figure finished £295,530 lower at £280,382 and, with tax taking £43,774 against £75,030, the net balance fell from £500,882 to £236,608.

At halftime the shortfall was from £256,438 to £160,906.

Yearly earnings per 25p share are shown to have declined from 15.6p to 7.2p and the dividend total is held at 4.125p with a final payment of 2.625p net.

41% increase so far  
at Wolseley-Hughes

CONTINUING the trend of good performances over recent years Wolseley-Hughes, the agriculture and gardening, engineering and merchants group, reports a 41 per cent increase in pre-tax profits from £5.4m to £7.7m in the six months to January 31, 1980.

Turnover was well ahead at £102.8m compared with £78.2m and Mr. J. Lancaster, the chairman, says that given a speedy end to the steel strike and no further increase "in the already punitive interest rates," the outlook for the full year looks reasonably encouraging.

The figures include those of the John James Group of Companies for the first time. On a comparable basis, after adjusting for the James's contribution of £1.2m, acquisition interest and losses of subsidiaries no longer trading within the group, the pre-tax figures were ahead by 22.9 per cent. The James's contribution to the turnover was £18.8m.

Interest charges were more than doubled at £1.1m compared with £457,000. The tax charge was £4m against £2.8m.

The merchanting and agriculture and gardening divisions both did well but the engineering division suffered a setback.

The interim dividend is 4.4p (3.6603p). The dividend for the last full year was 10.4245p.

## ● comment

The indications are that Wolseley-Hughes is successfully digesting its John James acquisition. While the £1.2m interim profits contribution looks meagre against last year's £4.2m total, it comes net of £400,000 financing costs. Moreover, says WH, accounting policies are unflattering to

James's interim figures, and full-year profitability should be maintained. The main problem area is engineering. The big overseas customers WH needs for its magnetic mineral separation plant are still not coming through, perhaps daunted by sterling's strength. Happily, the balance sheet is strong enough for the group to ride out a short-term recession. Borrowings are on the right side of the £13.3m at which they stood at July 31, leaving the group around a third geared. If the second half shows similar growth, full-year pre-tax profits could be as good as £18m—though the steel strike would do damage. The market hopes not, to judge from the 22p share boost to 290p, where the prospective fully-taxed p/e is five, on a 12-month historic yield of 5.6 per cent.

F. W. Thorpe  
ahead at  
half year

TAXABLE PROFITS of F. W. Thorpe, lighting equipment manufacturer, rose slightly from £377,954 to £400,370 in the half year to December 31, 1979.

It is difficult to forecast results for the second half, say the directors; although the order book remains healthy there is uncertainty over steel supplies. In the last full year, profits rose 17 per cent to £791,387.

The interim dividend is increased from 0.725p to 1p—last year's final was 1.5p.

Turnover went ahead from £2.08m to £2.24m.

of the balance sheet means the group is well placed to weather a recession, and to benefit from any favourable opportunity that it may identify.

## ● comment

LIV. DLY. POST AND ECHO

The year both started and ended in an unhappy manner for the Liverpool Daily Post and Echo, where pre-tax earnings are just marginally up. Early on, the road haulage strike caused problems; in the final quarter advertising began to fall off. Unlike some other regional papers, the Liverpool area economy simply did not make for much of an advertising boom; with recession ahead the situation could get worse. Losses from the now sold Rickeys retailing operation and the closed down Liverpool Web Offset over £300,000 off pool Web Offset lopped over £300,000 off pre-tax profits.

Sterling translation from Canadian earnings may have cost around £100,000. But the group, at least, has a sound balance sheet as it tightens its belt for a difficult 1980. Pre-tax profits this year are unlikely to surpass the £4m mark where it has been hovering since 1978. The total net dividend is up 17 per cent and yields 12 per cent at 118p. On a full tax charge, the p/e comes to 6.4.

Pre-tax figure for 1979 included income of £316,000 (£230,000) and associates' share of £11,000 (£7,000), and was subject to tax, much higher at £14.8m against £18,000.

However, there was an extraordinary credit of £1.04m (£1.07m debit) which left the balance up from £2.65m to £3.65m.

The directors say the strength

## Courtney Pope uncertain

DESPITE continuing pressure on margins, pre-tax profits of Courtney, Pope (Holdings) improved marginally from £428,000 to £440,000 in the half year to November 30, 1979.

In their annual statement, directors warned that margins were under pressure but, with good prospects and order books for all divisions, they were confident the record of advance over the preceding four years would be maintained.

They now say that although order level are generally satis-

factory, economic and industrial conditions make it impossible to determine the full year's outcome with certainty. They would be satisfied if a result in line with last year's total of £931,000 (£841,000) is achieved.

Turnover for the six months improved from £2.65m to £2.69m and, after tax of £158,000 (£148,000), earnings per 20p share are shown as 5.58p (£5.65p).

The interim dividend is maintained at 1.2p—last year's final was 1.85p.

هاكزا من الكحل

Bowring is  
working well  
for Britain

In a year of increasing trading and economic difficulties with high interest rates, weakness of the dollar and ever increasing inflation, Bowring has shown marked steadiness in all sectors of the Group's world-wide operations.

These include insurance broking—compares favourably with competitors; insurance underwriting—good year with outstanding results from Crusader; credit finance—Bowmaker affected by high borrowing costs; engineering—improvement despite difficult economic environment; merchant banking—Singer & Friedlander another year of progress; trading—profits maintained; shipping—substantial turnaround.

Results of C.T. Bowring & Co. Ltd.  
for the year 1979, subject to audit:

	1978	1979
	£m	£m
Turnover	1280.9	1351.9
Profit before taxation	38.4	38.5
Taxation	18.4	18.3
Profit after taxation	20.0	20.2
Minority	0.6	0.7
Profit before extraordinary item	19.4	19.5
Extraordinary item	—	0.8
Available for Ordinary Shareholders	19.4	18.7
Earnings per share	18.1p	17.8p



Awarded to C.T. Bowring Insurance Holdings Ltd.

**Bowring**

C.T. Bowring & Co. Ltd.  
The Bowring Building, Tower Place,  
London EC3P 3BE  
Tel: 01-283 3100 Telex: 882191



	date	price	Bid	Offer	day	Prem
38	10/19	145	111 $\frac{1}{2}$	112 $\frac{1}{2}$	-0 $\frac{1}{2}$	-6.38
	2/80	618	85	85	+1	4.20
4	1/80	40	186	87	-1	22.48
	11/79	605	74 $\frac{1}{2}$	75 $\frac{1}{2}$	+0 $\frac{1}{2}$	-3.01
	3/79	570	33 $\frac{1}{2}$	34 $\frac{1}{2}$	+1 $\frac{1}{2}$	4.67
4 94	9/79	676	188 $\frac{1}{2}$	69 $\frac{1}{2}$	+0 $\frac{1}{2}$	0.83
	11/79	1325	90	91	+0 $\frac{1}{2}$	-7.07
	11/79	1020	89	90	+0 $\frac{1}{2}$	32.05
	7/80	30	98 $\frac{1}{2}$	99 $\frac{1}{2}$	+0 $\frac{1}{2}$	12.48
	9/79	25.33	186	86	+0 $\frac{1}{2}$	14.96
94	12/79	210	85	86	+0 $\frac{1}{2}$	10.66



## Sharp downturn in final quarter hits Philips

BY OUR FINANCIAL STAFF

A SHARP downturn in the all important final quarter has left Philips, the Dutch electrical group, with lower profits for 1979.

At the net after tax level profits declined by 12 per cent to F1 618m last year compared with F1 707m in 1978—having been ahead by 7 per cent after the first nine months of 1979.

However, the group hinted that earnings problems could arise in the final three months of 1979—“much will depend on television sales in the three months to December,” Philips stressed, adding that “so far in 1979” they had been disappointing.

The group, whose operations in Europe account for about 60 per cent of sales, with a further 25 per cent arising in North and South America, reports pro-

fits per share lower by 14 per cent at F1 3.28 against F1 3.51 in 1978.

On sales higher by 3 per cent the group was able to announce net profits of F1 452m for the first nine months of 1979. Volume sales for the period were some 5 per cent ahead and at the time Philips expected actual unit sales to grow by 6 per cent for the year as a whole.

CALAND HOLDINGS, the Dutch specialised shipbuilding group formerly known as IHC Holdings, reported sharply higher profits in 1979 and proposed an increased dividend.

Net profit rose by 65 per cent to F1 16.3m (\$8m) from F1 9.9m in 1978. Caland will double its payment into reserves to F1 11.5m and proposes raising its dividend to F1 1.50 per F1 10

nominal share from F1 1.38 in 1978.

Operating profits of Caland's majority-owned subsidiaries fell to F1 1.1m from F1 2.4m, while minority holdings increased profits to F1 12.1m from F1 3.3m. Profits of Mining and Transport Engineering (MITEC) were lower than in the previous year. IHC Inc, which groups the foreign activities and in which Caland has a 40 per cent stake, also made slightly lower profits as a result of a slow down in offshore investments by the oil industry.

Losses at IHC Holland, which is 46 per cent owned by Caland, were in line with earlier forecasts and were covered by the F1 40m provisions made by Caland in 1978. It paid no tax on Dutch earnings last year because of accumulated losses in previous years. In 1978 the tax bill was F1 2.8m.

## Profits fall at Commerzbank

BY KEVIN DONE IN FRANKFURT

WEAKENING GROWTH and declining earnings marked last year's performance by Commerzbank, one of the leading West German commercial banks. A similar picture is expected to emerge in the next two weeks from the other major banks, including Dresdner and Deutsche Bank.

Commerzbank's consolidated balance sheet total exceeded the DM 100bn mark for the first time, rising by 14 per cent to DM 100.9bn, compared with DM 88bn in 1978. But the growth was slower in 1979, when balance sheet total grew by 17 per cent.

At the same time the bank's earnings performance was hit badly by the world-wide climb in interest rates, with consolidated net income falling by 36 per cent to DM 428.5m.

Commerzbank has had to write down its securities portfolio by more than DM 100m, according to Herr Robert Dhom, chairman of the executive board, as a result of the slump in domestic bond prices.

As a result of the move by the

Bundesbank in February to raise its key interest rates, Herr Dhom expects improved results in the domestic market this year, as the rise in Lombard and discount rates has allowed the commercial banks to improve their interest margins.

The main reason for the expansion of the bank's business volume last year came from its lending business. For the consolidated concern long-term loans and advances to customers increased by 21.6 per cent to DM 35bn, while loans of less than four years' maturity increased by 18.8 per cent to DM 20.8bn.

On the other side of the balance sheet, customers' deposits grew by only 1.9 per cent to DM 38.5bn. Borrowings from banks grew by 20.5 per cent, however, to DM 36.5bn while advances to banks totalled DM 20.5bn, a rise of 31.9 per cent.

As a result of the growth in lending last year, the Commerzbank managed to bring its domestic non-bank credit busi-

ness back into a better balance. This activity was clearly helped by the high level of German industry's capital expenditure, and Commerzbank is making special efforts to strengthen its links with small and medium-sized companies.

Commerzbank gives a detailed account of its industrial and private sector customers. Some 11.9 per cent of its domestic lending business is with trading companies, 9 per cent with electrical and plastics and metal processing companies, 8.9 per cent with the mechanical engineering, ship and motor sectors and 10.3 per cent with service companies.

Private customers accounted for 22.5 per cent of lending, an increase of 2.9 per cent.

The period of Commerzbank's vigorous overseas expansion appears to be near an end. Herr Dhom said the bank had no great ambitions to expand its network of foreign branches much beyond the 15 it will have opened by the middle of this year.

## Siemens plans rights offering

BY ROGER BOYES IN BONN

SIEMENS, West Germany's largest electrical group, yesterday announced a one-for-17 rights issue to raise DM 225m (\$120m).

Herr Peter von Siemens, chairman of the supervisory board, announcing the decision at a general meeting in Munich, said that the new shares, to be priced at DM 100, would be on offer between mid-May and the beginning of June, and would be eligible for a dividend back-dated to October 1979. The group paid an unchanged 16 per cent dividend last year.

The move lifts Siemens' basic capital to over the DM 1.8bn mark and has to be seen in the context of the company's ambitious investment plans for this year. Although company executives stress that a nuclear power station—the first in several years because of the political uncertainties surrounding nuclear power in Germany

tribute significantly to the DM 2bn investment plans. “We are not short of cash,” said a Siemens executive yesterday. “It is simply part of our long-standing dividend-cum-new issue policy.”

The general impression of good health was reinforced by Herr Bernhard Plettner, Siemens' chief executive, who declared that he expected “overall growth” of 6 per cent this year. In the first three months of the business year (started October 1), orders and turnover in almost all of the divisions had grown by 10 per cent or more.

Even Kraftwerk Union, the power station subsidiary and Siemens' enduring problem child, seems to be doing well. A domestic order for a nuclear power station—the first in several years because of the political uncertainties surrounding nuclear power in Germany

—will show up on the books later this year, as will numerous overseas orders. KWU's troubles, especially in Iran, led to a DM 1bn drop in sales last year to DM 22.8bn.

Meanwhile, Herr Peter von Siemens announced that he is to retire in January next year and—following a vote at the general meeting—is to be replaced by Herr Plettner. It will be the first time in the company's 130-year history that a member of the Siemens family has not headed the group's supervisory board. Herr Plettner is expected to be replaced by his Deputy, Herr Karlheinz Kaske.

Deutsche BP will have a provisional loss of DM190m on its oil operations in the first quarter of this year, against a provisional profit of DM198m for the whole of 1979. The first quarter loss is due to the rise in crude oil prices.

## Krupp Steel bounces out of the red

By Our Financial Staff

STEELMAKING WITHIN the Krupp empire has bounced back to a profit after four years of losses. For 1979 Krupp Huettenwerke reports a net profit of DM 10m, compared to losses of DM 65.8m.

Sales were a fifth higher at DM 5.28bn. The company said yesterday that last year's turnaround resulted from higher volume and prices, coupled with rationalisation.

Special steel sales rose to 52 per cent of the year's steel turnover total of DM 3.8bn from 47 per cent of 1978's DM 3.36bn.

Results in 1980 will be affected by “political uncertainties as well as further energy and raw material cost increases which the company will try to balance with higher prices.”

## Sharp earnings increase for French drugs group

BY TERRY DODSWORTH IN PARIS

CONSOLIDATED profits at Sanofi, the French pharmaceuticals and cosmetics company, shot up sharply last year in the course of a long period of reorganisation in preparation for its introduction to the Paris Bourse.

According to preliminary figures released by the company yesterday in preparation for the flotation next week, profits should reach about Ffr 140m (\$32.5m) against Ffr 89.2m (\$20.2m) in 1978. Excluding minority interests, they will be about Ffr 127m against Ffr 76.6m.

The 56 per cent jump in profits indicates that the group is already beginning to reap some productivity benefits from its reorganisation. Turnover, by contrast, moved up by a

more moderate 20 per cent to reach Ffr 2.95bn.

Last year, pharmaceutical sales accounted for the largest proportion of Sanofi's activity, rising by 14.7 per cent to Ffr 1.4bn. But the cosmetics division achieved a faster growth rate with sales increasing by 23.4 per cent to Ffr 1.2bn, while turnover of veterinary products rose by 40 per cent to Ffr 173m. Other, minor activities accounted for Ffr 107m of sales.

Sanofi, a group put together through acquisitions by the oil company, Elf Aquitaine, over the last few years, says that its reorganisation is designed to improve its performance by bringing together similar activities in the constituent companies.

## Turnround by Swedish steel maker

BY VICTOR KATZETZ IN STOCKHOLM

UDDEHOLM, the Swedish special steel and power-generating group, fulfilled its forecast of a return to profit after a period of large losses and major reorganisation.

Group pre-tax earnings were SKr 3m (\$0.7m), against a loss in 1978. But stock gains accounted for SKr 179m or more, half the 1979 improvement. The board, describing profits as “still unsatisfactory,” recommends passing the dividend for the fourth consecutive year.

Extraordinary items showed a surplus of SKr 38m, down from SKr 147m in 1978 when Uddeholm made large capital gains from the sale of its forest

industry and chemical operations to Billerud, now called Billerud Uddeholm.

Group sales in 1979 totalled SKr 3.28bn (\$746m), against SKr 2.54bn in 1978, but the preliminary report does not state clearly by what percentage turnover rose for comparable units.

The 1979 sales figure does, however, include about SKr 820m from Granges NYBY, the central Swedish stainless steel maker, 90 per cent of which Uddeholm purchased last summer from Granges.

The 1978 sales figure includes SKr 533m from Forest Industries operations, Uddeholm states. Uddeholm predicts a profit in

1980, saying favourable trends from late 1979 will continue until late this year. The ensuing recession will be milder for the group than that of 1978-79 because of the relatively low inventories held by industrial customers, the group states.

ISS, the office-cleaning and security systems group, reports an increase in sales from DKr 2.05bn to DKr 2.97bn for last year. Pre-tax earnings were down from DKr 76.8m to DKr 65.2m. The board proposed a 10 per cent dividend. Most companies in the group reported satisfactory results, with the exception of the security companies in Switzerland, Holland and France.

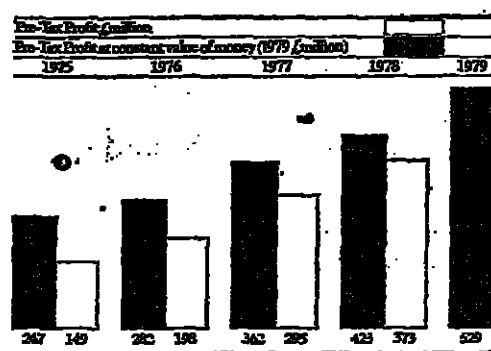
مركز الكمال

# Barclays Bank Limited.

The Directors of Barclays Bank Limited report the Group results for the year ended 31st December 1979.

The Barclays Group pre-tax profits for 1979 amounted to £529.4 million compared with £373.3 million for 1978, an increase of 42%.

“In today's climate of inflation it is essential that international banks make adequate profits to support their world wide deposits. In our case these deposits have risen during 1979 from £20.8 billion to £26.3 billion, partly due to expanding business but partly as a result of inflation. The impact on our results since 1975 is shown on the following chart.”



Of the increased profit, the major part came from the continued expansion of the clearing bank business which also benefited substantially from high interest rates. We are conscious of the fact that these high rates, although an instrument of Government policy, have the effect of increasing the profits of the bank, whereas borrowing customers

bear the burden. Stockholders and indeed all those concerned with our results would expect the bank to perform well in these circumstances in order to provide the strength we shall need when rates fall, as everyone must hope they will; we may then be balancing a lower income against higher costs in a period of economic stringency.

Despite the fact that a strong pound and narrow spreads in the Eurodollar market made profits harder to earn, Barclays Bank International has achieved a satisfactory increase of 12% to £137.7 million before tax, the result of general growth of our business throughout the world. The figure includes a contribution since May 1979 from our newly acquired finance company, BarclaysAmerican Corporation.

For the first time, almost all the Group's subsidiaries have produced accounts to the 31st December. In order to give a true comparison, their profits for the year 1979 have been consolidated in the profit and loss account; those for the last three months of 1978 (approximately £40 million before tax) being placed direct to the reserves.

We have recommended an increase in dividend which takes into account that our distributions since 1973 have fallen behind the rate of inflation. In addition we propose a one for five scrip issue to Ordinary Stockholders. Although this will do no more than divide the total cake into more slices, a number of Stockholders have suggested that we take this step. We hope, subject to any unforeseen circumstances, to pay the same rate of dividend for the year 1980 on the increased capital.

Anthony Tuke

Sir Anthony Tuke, Chairman of Barclays Bank Limited

### A COMPARISON OF 5 YEARS' RESULTS

	1975	1976	1977	1978	1979
Profit before tax	£247m	£249m	£260m	£373.3m	£529.4m
Profit after tax	£148.7m	£138.4m	£149.6m	£237.8m	£367.4m
Profit retained	£81.9m	£84.5m	£120.6m	£198.8m	£305.4m

### DIVIDEND

The Directors recommend a final dividend for 1979 of 10.25p per £1 Ordinary stock (1978 - 7.4999p) payable on 19 May 1980 in respect of stock registered in the books of the company at the close of business on 14 April. On this basis the total distribution for the year will be 18.5p (1978 - 13.5499p); an increase of 36.6% over 1978. It is recommended that holders of Staff Stock should receive a final dividend for 1979 of 7p per £1 Staff stock.

### PROPOSED CAPITALISATION ISSUE

The Directors also recommend the capitalisation of reserves to enable the allotment to Ordinary Stockholders on the Register of Members at the close of business on 16th May 1980 of one new Ordinary share of £1 credited as fully paid up for each £5 of Ordinary stock then held. On issue the new shares will be converted into stock. This new stock will rank pari passu in all respects with the existing Ordinary stock, except that it will not rank for any dividend which may be paid or declared for the year ended 31st December 1979.

Unless unforeseen circumstances arise, the Board hopes to maintain the

rate of dividend on the increased Ordinary stock for the year ending 31st December 1980.

Stockholders will be invited to pass resolutions at the Annual General Meeting to bring about an increase in the authorised capital of the Bank and the proposed capitalisation of reserves.

Full details of these proposals will be set out in the Annual Report and Accounts which, together with the Chairman's Address, will be posted to every Stockholder.

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1979

	1979	1978
Operating profit (notes 1, 2 and 3)	£529.4	£373.3
Share of profit of associated companies	44.8	43.3
Interest on loan capital	546.8	391.6
Profit before taxation and extraordinary items	174.4	18.3
Taxation (note 5)	529.4	373.3
Profit after taxation	162.6	135.5
Profit attributable to minority stockholders of subsidiary companies	367.4	237.8
Profit retained	18.3	11.7
Extraordinary items	349.1	226.1
Profit attributable to members of Barclays Bank Limited	(0.6)	2.4
Dividends (note 6):	348.5	228.5
Interim	19.2	12.3
Proposed final	23.9	17.4
Profit retained	43.1	29.7
Earnings per £1 Ordinary stock (note 7)	305.4	198.8
	150.5p	105.3p

### NOTES:

1. The bases of accounting are explained on pages 55 and 56 of the 1978 annual accounts with the exception that all principal subsidiary companies now account to 31 December.

2. Following the change of accounting dates of subsidiary companies, the Group profit for 1979 is based on results for the twelve months ended 31 December. The profit of subsidiary companies for the period between the date at which accounts were previously prepared (mainly 30 September 1978) and 31 December 1978 amounted to £40.4m and after adjustment for taxation and minority interests has been credited to reserves.

3. Operating profit is stated after:

(i) charges for bad and doubtful debts of £55.0m (1978 - £22.8m);

(ii) losses of £12.3m on realisation of investments (other than trade investments) (1978 - £14.3m);

(iii) depreciation of £58.0m (1978 - £40.9m) on Bank premises, other properties and equipment, of which £9.2m (1978 - £6.8m) is in respect of the depreciation of freehold premises;

(iv) allocation of £20.5m to Trustees for the profit sharing schemes (1978 - £14.7m).

4. The total profit of the Group, before interest on loan capital and taxation arises from:

	1979	1978
Barclays Bank Limited	£247	£249
Barclays Bank International Group	252.4	188.2
Barclays Merchant Bank	150.2	136.6
Mercantile Credit Group	7.8	10.3
Other subsidiaries & associates of Barclays Bank Limited	36.9	32.9
	27.3	23.6
	546.8	391.6

5. Taxation charged against profit for the year has been reduced by £109.5m (1978 - £9.2m) due to the deferment of tax liabilities for which provision has not been made. The total amount of potential deferred taxation not provided at 31 December 1979 is £314.6m (1978 - £183.7m).

The Directors consider it prudent to continue to maintain a provision of 25% of the potential taxation liability in respect of the Group's UK leasing business.

6. Dividends:

	1979	1978
On Ordinary stock:	p per £1 stock	p per £1 stock
Interim dividend	8.25	6.0500
Proposed final dividend	19.25	7.4999
	27.50	13.5499
The gross equivalent rates are:	26.4286%	19.7355%
On Staff stock:	p per £1 stock	p per £1 stock
Interim dividend	7.0	7.0
Proposed final dividend	7.0	7.0
	14.0	14.0

7. Earnings per £1 Ordinary stock are based upon profit after taxation and after deducting profit attributable to the minority stockholders of subsidiaries, but before extraordinary items. Dividends on the Staff stock are also deducted.

The earnings amount to £349.0m (1978 - £226.0m) and are related to the weighted average of £231.9m Ordinary Stock (1978 - £214.7m) in issue during the year.

8. Details of provisions for bad and doubtful debts are as follows:

	The Group 1979	The Group 1978	The Bank 1979	The Bank 1978
Provisions at beginning of year	£24.4	£24.4	£24.4	£24.4
Exchange and other adjustments	9.9	(8.7)	9.9	(8.7)
Provisions raised, less amounts released	60.5	25.1	12.5	(10.8)
Amounts written off	474.4	450.0	232.6	237.8
Provisions at end of year	260.6	60.0	36.6	41.1
Provisions at 31 December:				
Specific	234.7	288.9	101.7	150.9
General	146.2	111.1	35.3	65.8
	380.9	400.0	137.0	216.7

Both specific and general provisions against advances are stated gross without deduction of tax relief.

Charge against profits:  
Charge (credit) for specific provisions 25.5 18.1 (13.0) (21.2)  
Charge for general provisions 35.0 7.0 25.2 10.3  
Recoveries of amounts previously written off (5.5) (2.3) (1.9) (1.5)  
Charge against (credit to) operating profit 55.0 22.8 10.6 (12.3)

9. Stockholders' funds (issued capital and reserves) have increased as follows:

	1979	1978
Profit retained	£18.3	£11.7
Amount arising on change of accounting date (see note 2)	367.4	237.8
Issues of stock (including share premium)	34.3	85.4
Surplus on revaluation of properties	77.9	4.0
Non-trading exchange deficit	(22.4)	(17.7)
Goodwill on acquisition of interests in subsidiary companies	(16.6)	(0.6)
Other items	10.6	(0.4)
	397.7	256.5
At beginning of year	1,357.9	1,088.4
Stockholders' funds at end of year	1,755.6	1,344.9

10. Certain balance sheet figures are:

	1979	1978
Capital resources:		
Stockholders' funds	£1,755.6	£1,344.9
Minority interests in subsidiary companies	86	68
Loan capital	262	215
	2,004	1,628
Deposits	26,300	26,841
Advances	26,577	16,757
Total assets	30,332	23,884

11. Current cost accounts have been prepared in accordance with ED-24, the proposed accounting standard issued by the Accounting Standards Committee. In the current cost accounts, provision is made for the effect of inflation on the capital base of the Group in terms of a monetary working capital adjustment which amounts to £167.8m (1978 - £71.8m). After making this and other adjustments into account, a comparison of the main figures in the historic cost accounts and the current cost accounts shows:

	1979	1978
Historic Cost Accounts		
Profit before taxation	£529.4m	£373.3m
Profit after taxation	£367.4m	£237.8m
Earnings per £1 Ordinary stock	150.5p	105.3p
Dividend cover	6.1	4.9
Current Cost Accounts		
Profit before taxation	£355.3m	£237.3m
Profit after taxation	£193.8m	£154.8m
Earnings per £1 Ordinary stock	77.9p	68.3p
Dividend cover	4.2	4.9

BARCLAYS



BY ORDER OF THE BOARD, D. H. JOHNSON, SECRETARY.  
REG. OFFICE: 34 LOMBARD STREET, LONDON EC3P 3AL.  
Reg. No. 48839 20th March 1980







& FINANCIAL  
Day out  
11<sup>00</sup>

Financial Times

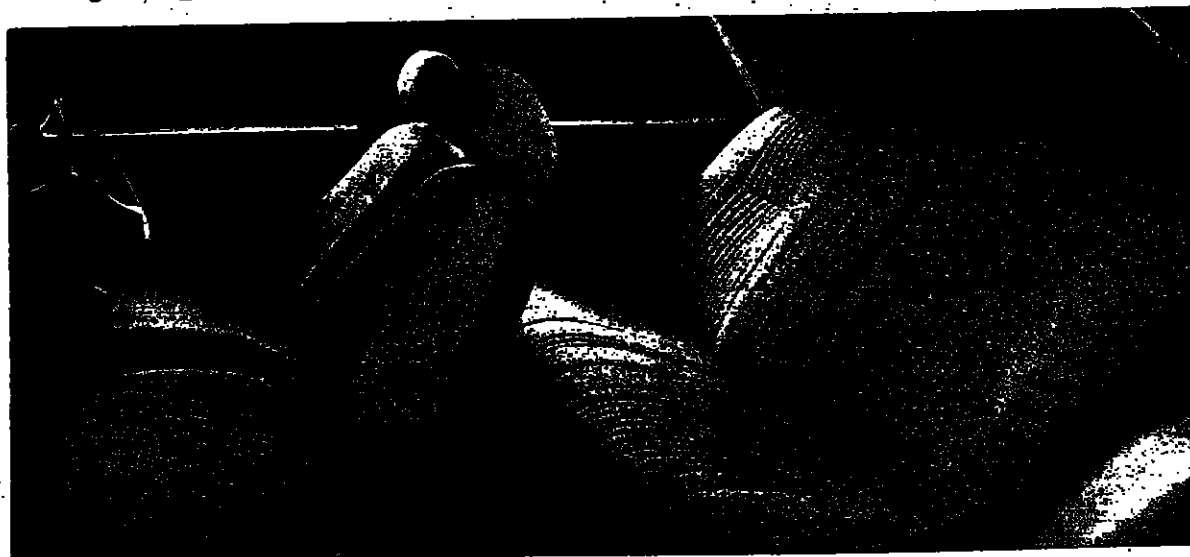
# The Peugeot 505



## "What the Experts Say"

"Comfort in the 505 starts with the seats... and continues with the ride, which is simply, up to the very high Peugeot standard."

*Observer, November 1979*



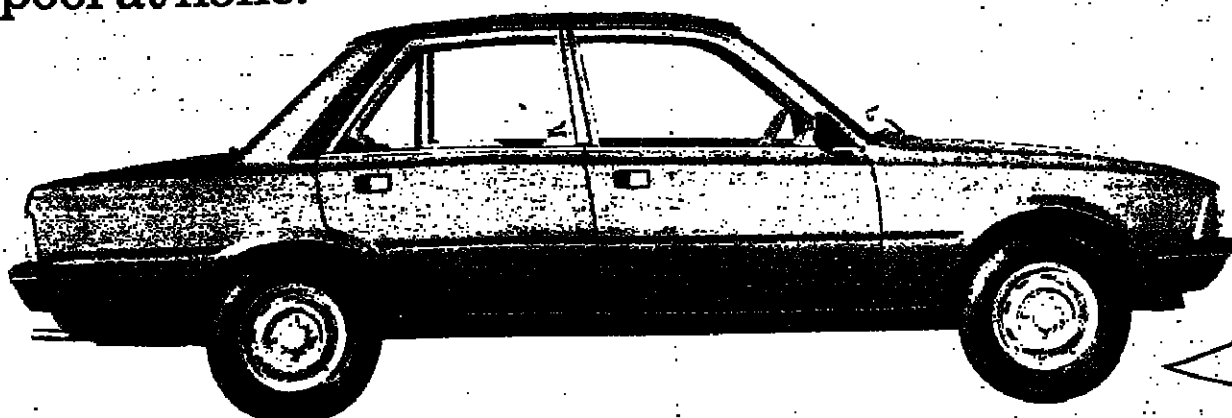
505 STI Interior

"With the 505, Peugeot have achieved their aim to produce a car that has the excellent ride, good noise suppression and comfort of a limousine, but that has the sporty appeal of cars from a marque such as BMW."

*What Car?, November 1979*

"Quite simply, the 505 is an excellent motorcar... good at most things, excellent at some, and poor at none."

*Motor, November 1979*



505 GR

The newly introduced 505 range includes six luxury saloons. You have the choice of 2 litre carburettor, fuel injection or 2.3 litre diesel power, all available with luxury "S" trim.

"The 505's main appeal is that it is a particularly well balanced all-rounder, notable for its quietness and comfort."

*Daily Telegraph, November 1979*

"As always in a Peugeot, the ride quality is superb."

*Financial Times, December 1979*

"It is, above all, a well-balanced car: quiet, well-sprung and pleasant to handle."

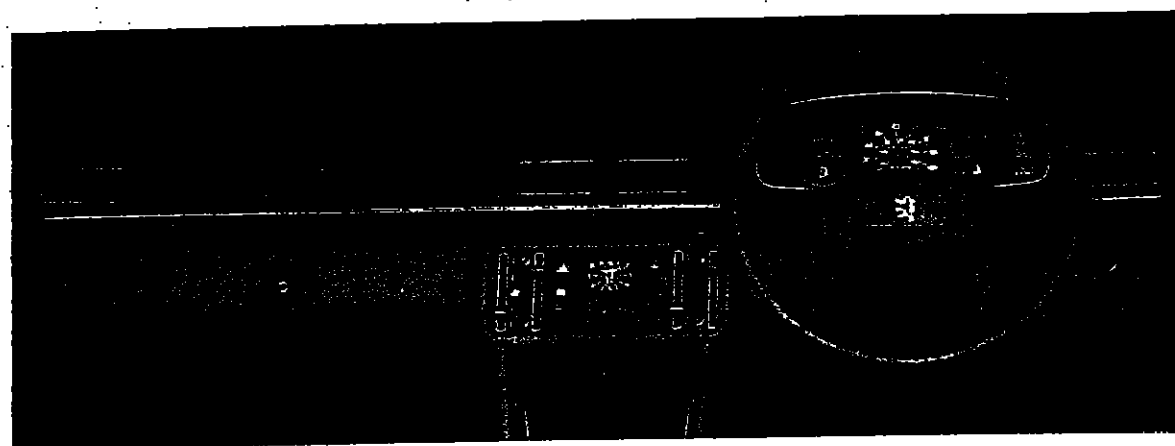
*Sunday Telegraph, December 1979*

"Ride and handling of the 505 was impressive. Towcar of the Year 1980, the Peugeot 505 SR."

*Caravan, December 1979*

"TI/STI with new Douvrin engine is the definitive 2.0 litre four-door saloon."

*Car Magazine, December 1979*



505 GR Dashboard

Peugeot 505 TI wins German Golden Steering Wheel Award. This is the first time a non-German car has won this accolade, sponsored by the Springer Group, publisher of Europe's largest Sunday newspaper.



Finance and leasing facilities available from Peugeot Finance. Anglo-French Finance Company Limited.

I am interested in the Peugeot 505. Please send me details.

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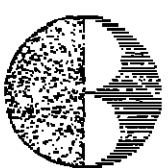
Tel

Peugeot Automobiles (UK) Ltd.,  
333 Western Avenue,  
London W3 0RS.  
Tel: 01-993 2331.



**PEUGEOT**  
World famous for strength.





## East Rand Proprietary Mines Limited

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

The following is from the statement by the Chairman, Mr. D. T. Watt

The year under review proved to be one of the most successful years on record for your company. The sharp rise to unprecedented levels in the gold price received by the company, has outweighed all other factors in determining this success. The average price received for the gold produced during the year, at R5425 per kilogram (approximately U.S.\$315 per fine ounce) was 33 per cent higher than the average price of R504 per kilogram (approximately U.S.\$305 per fine ounce) received in 1978.

The yield for the 1979 year was 5.11 grams per ton, representing a decrease of 0.4 grams per ton on the previous year. This decrease is due to the flow of ore of lower than average mine grade from some of the upper areas of the mine which were reopened during the year. The cost of production from these upper areas was lower than the mine average and therefore a profitable operation is possible at reduced ore grades. However, the quantity of ore milled during the year, at 2 101 000 tons, was 10 per

undertaken than was formerly envisaged. It will be difficult, under present conditions, to accelerate the tempo of capital expenditure to the required degree in the short term. It is nevertheless estimated that the capital programme during 1980 will involve the expenditure of at least R18 million. This, or a slightly higher rate of capital expenditure will continue throughout 1981.

The foregoing capital expenditure estimates may appear to be unduly large by comparison with previous years and for a mine which has recently experienced severe financial problems. However, it is important to note the spectacular change in results which has been achieved due to the higher gold price. It is also important to note how the ore reserves, as detailed in the report of the directors, have increased on a basis of a gold price of U.S.\$300 per fine ounce. In preparing the operating plan for 1980, an average gold price of U.S.\$375 per fine ounce (or R10 000 per kilogram) has been assumed. If this price is in fact obtained or bettered for the year 1980, and if the gold price thereafter increases at a rate sufficient to offset the increase in working costs, there are very good prospects for your mine remaining a profitable operation for some time. Under these conditions there is sufficient ore in situ to enable the mine to operate with a profitable contribution for many years. It is therefore absolutely essential that the capital expenditure required to enable such ore to be mined should now be incurred. Furthermore, to enable the mine to cope more confidently with the spectre of rising costs, it is essential that the tempo of operations should be increased to achieve further economies of scale. It is mainly for these reasons that the new capital expenditure programme has been designed. At this stage, apart from the gold price, the only unknown factor of any importance is the exact milling rate which will confer optimum operating conditions. A project team has been established to determine this parameter and as soon as they have completed their investigation, the capital expenditure programme will be finalised. I do not, however, expect that their investigations will have any influence on the capital expenditure projected for 1980.

### INDUSTRIAL RELATIONS

The company is committed to the Barlow Rand Group Code of Employment Practice, the objectives of which are the progress and prosperity of all employees through equal opportunity in employment practices. As far as the implementation of this code is concerned, the company is committed to operate within the limits of pertinent legislation and legally enforceable industrial agreements. Notwithstanding these limitations, and the constraints imposed by business conditions, I am pleased to report that further progress was made during the year. It is also most important to note that with the improvement in future business prospects, following the increase in the gold price, one of the first aims of the mine is to benefit the accommodation and the amenities provided for our black employees. New hostels are planned to provide accommodation consistent with the most modern standards in the mining industry. When employees are transferred from the older existing rooms to the new premises, the older hostels will be renovated in order to improve living conditions. The reduction in the number of men accommodated in the older hostels will also contribute materially to better living conditions. It is gratifying that the improvement in the gold price has enabled us to improve the quality of life on the mines for our black employees.

The reports published in 1979 by the Wiehahn and Rieker Commissions contained recommendations which are far-reaching and when implemented will result in the elimination of racial discrimination in industry. Certain bold legislation, including that which provides for membership of trade unions on the part of certain black workers, was enacted in the wake of these reports and is tangible proof that Government has accepted the recommendations of the two Commissions and is committed to an enlightened course of action in the immediate future.

The Wiehahn commission has not yet reported on the Mining Industry and its findings and recommendations in this connection are awaited with considerable interest. There is, however, much apprehension about future changes in employment practices in the Mining Industry as was shown by the abortive 'three day' strike by members of the Mine Workers' Union of 17th March 1979. From developments and statements made since that time, it would appear that the attitude of the leaders of certain trade union movements still remains opposed to the ending of job reservation and the offering of equal employment opportunities to all race groups. While legislation may be progressively enacted and the framework thereby created for the employment of all races, the implementation of the necessary changes in employment practices, in the face of opposition from certain trade union movements, is going to require great patience, tact and understanding. It is, however, clear that progress in this connection cannot be unduly protracted. Your company is committed to working for these changes in whatever manner will secure their most expeditious implementation while simultaneously avoiding any disruption of operations.

The supply of unskilled labour was adequate throughout the year. The average turnover of this labour force over the year was 14 per cent. The majority of employees are returning to the mine after periods at home. The mine management is aware of the changing aspirations of its unskilled employees and is continuously striving to improve formal communications with them.

### FUTURE PROSPECTS

The future of your company's mine, which is a relatively low grade and high cost operation, will continue to be dictated almost exclusively by the gold price and the rate of increase in working costs. During the early part of 1979 the gold price was influenced mainly by the weakness of the United States economy, whereas the spectacular increase in the price later in the year and early in 1980 was determined by the grave political problems which have developed, particularly in the Middle East, and which pose a threat to world peace. In my view, the gold price will be unstable and subject to major fluctuations until the political problems are resolved and, in particular, until the potentially explosive situation in the Middle East is defused. In the interim it is most important that the feeling of euphoria, which could easily be engendered by unrealistically high gold prices, should be firmly tempered. I am apprehensive about the likelihood of exaggerated wage demands and increases in the cost of stores and materials being based on estimates of future gold prices which subsequently prove to be too high. Such demands, if granted, could be crippling, particularly for low-grade producers such as your company's mine if the gold price drops to unrealistically low levels, even temporarily. It is therefore most important that the world's more critical political problems. The key question is, of course, what can be considered a realistic gold price in a politically stable climate. This question, in my view, defies any reliable answer at this time. Gold has once again clearly demonstrated that it is a most acceptable, if not the most acceptable, store of wealth. This has been so clearly demonstrated that it is not conceivable that at some future date gold will once again be formally re-established in the monetary system. Insofar as 1980 is concerned, it would appear that the average gold price actually obtained is at least equivalent to R10 000 per kilogram (or U.S.\$375 per fine ounce), a dividend distribution in excess of the 100 cents per share made in 1979 should be possible after financing the projected capital expenditure from profits.

In conclusion, I have pleasure in recording the directors' appreciation of the services rendered by the managing director, Mr. N. A. Honnet, by the general manager, Mr. J. A. Tysar, and the staff and employees at the mine; by the technical and administrative staffs at Head Office; and by the secretaries in the United Kingdom.

### SUMMARY OF RESULTS

	Year ended 31st December 1979	1978
Development and ore reserves		
Development: Total metres	13 649	11 777
Sampled metres	618	906
Total ore reserves: tons	6 832 000	2 807 000
Value—grams per ton	10 742.3	10 510.3
Value—centimetres	138.2	140.2
Operating results		
Tons milled	2 101 000	1 906 000
Gold produced—kilograms	10 742.3	10 510.3
Yield—grams per ton	5.11	5.51
Financial results		
Working revenue	R90 830 000	R57 988 000
Working revenue per ton milled	R43.23	R30.42
Working expenditure	R78 402 000	R65 404 000
Working expenditure per ton milled	R37.31	R34.31
Working profit/(loss)	R12 428 000	(R7 416 000)
Working profit/(loss) per ton milled	R5.92	(R3.89)
State assistance claimed/(over-claimed in respect of 1978)	(R4 000)	R12 004 000
Other income, net	R1 074 000	R350 000
Taxation and State's share of profits	R379 000	R345 000
Profit after taxation, State's share of profits and forfeited dividends	R13 119 000	R4 593 000
Profit appropriations:		
Mining assets, net	R5 638 000	R1 656 000
Dividends:		
No. 118 of 80 cents per share	R3 564 000	—
No. 118 of 10 cents per share	R396 000	—
Transfer to general reserve	R37 000	R55 000
Retained surplus at 31st December	R10 214 000	R6 750 000

cent higher than the previous year and this increase more than compensated for the decline in yield. Consequently, gold production increased to 10 742 kilograms which is 232 kilograms more than was produced last year.

Total working expenditure increased by 19.9 per cent to R78 402 000 during the year. There was an across-the-board rise in all the elements of working costs, i.e. labour, materials and services. Due to the increased level of production, the increase in unit cost was limited to only 5.7 per cent from R37.31 to R39.31 per ton milled.

### FINANCIAL RESULTS

The working profit for the year under review was R12 428 000 and represents a spectacular improvement on the working loss of R7 416 000 recorded in the previous year. Shareholders will recall that the company was experiencing such severe cash outflow problems in 1977 that recourse was had to the State for special cash loan facilities over and above the assistance provided in terms of the Gold Mines Assistance Act. It should be noted that the working profit for 1979 is only marginally lower than the record of R12 444 000 achieved in 1974. The rapid recovery from the severe problems of 1977 to near record profits demonstrates how acutely the company's profits vary with the gold price. The very significant improvement in the company's financial position confirms the wisdom of the State in assisting the company through the lean years when the gold price was much lower.

Other income increased to R1 074 000 which is R724 000 higher than in the previous year. The major factor in this increase is a non-recurring recovery from insurers of an amount of R773 000 for standing charges arising from a fire which occurred underground in the P shaft area in the second quarter of the year. Excluding this insurance recovery, other income showed a decrease from the previous year due to a lower return on invested surplus funds, which in turn is due to the lower interest rates obtained during the year.

Because of the very substantial improvement in revenue and profits the company did not qualify for State assistance whereas in contrast, in the 1978 financial year it claimed and received approximately R12 million from this source. The company was also required to resume the payment of State's share of profits and an amount of R16 000 has therefore been provided in terms of the lease formula. No formula tax is payable. Non-mining taxation for the year under review was R368 000 leaving a profit after taxation, State's share of profits and forfeited dividends of R13 119 000.

As members are probably aware, in 1977 the State agreed to grant the company loans totalling R4.4 million. These loans were made available to cover losses after receipt of the maximum assistance permitted in terms of the Gold Mines Assistance Act. Due to the increased gold price received, the loans have been reduced by R809 000 in terms of the loan agreement.

The State loan including capitalised interest has been repaid in full since the year-end.

Appropriations for the year on dividends, R3 960 000, transfer to a general reserve, R37 000, together with expenditure on mining assets of R4 849 000 and the amount borrowed earlier in respect of the State loan, totalling R9 658 000. This left R3 564 000 to be added to the retained surplus balance of R6 750 000 brought forward from the previous year, giving a retained surplus at 31st December, 1979 of R10 214 000.

CAPITAL EXPENDITURE

Capital expenditure during the year amounted to R4 814 000, which although higher than in the previous year, was less than forecast. Delays in starting certain projects occurred early in 1979 while appraisal for these projects in terms of the State assistance scheme was awaited. However, satisfactory progress was achieved on the most important projects. The major portion of the capital expenditure was incurred on the sinking, deepening and equipping of certain shafts, the development and equipping of haulages, and the acquisition of underground equipment to ensure continuity of mining operations at a rate sufficient to ensure that the required milling rate is achieved in future years. Included in the capital expenditure is an amount of R1 029 000 which was spent on improvements to the hostels, hostels and married quarters.

The future operating strategy of the mine has been reviewed in terms of what is believed to be a conservative projection of future gold prices. It is now clear that if the full potential of the mine is to be realised, a more extensive capital expenditure programme will have to be

Companies  
and Markets

## CURRENCIES, MONEY and GOLD

### Dollar easier

The dollar lost ground in nervous trading in the foreign exchange market yesterday. It fell to DM 1.8656 from DM 1.8720 against the D-mark, to SwFr 1.7610 from SwFr 1.7710 against the Swiss franc, and to FF 4.3480 from FF 4.3690 in terms of the French franc. The dollar was unchanged at Y248.50 against the Japanese yen, but its trade-weighted index, as calculated by the Bank of England, fell to 88.9 from 89.1. Fluctuations in interest rates added to nervousness in the market, but there was no heavy intervention by European central banks. The D-mark moved within a narrow range of DM 1.8625-1.8700, the Swiss franc between SwFr 1.7565-1.7650, and the Japanese yen between Y248.10-248.60.

Sterling gained 50 points to finish at \$2.1975-2.1985. It traded within a range of \$2.1950 to \$2.2005 but the lowest and highest points were touched in very early trading. On Bank of England figures, its trade-weighted index rose to 72.3 from 72.2, after standing at 72.4 at noon, and 72.5 in the morning. D-MARK — Steady within European Monetary System, but weaker against dollar following expectations of continuing balance of payments deficit in Germany, and the effects of anti-inflation measures and higher interest rates in the U.S. — The D-mark showed mixed changes against its EMS partners, falling against the Irish punt, Dutch guilder, Belgian franc, and French franc at the Frankfurt closing, but improving against the Danish krone and holding steady against the Italian lira. The dollar was fixed at DM 1.8667 compared with DM 1.8760, without any intervention by the Bundesbank. Sterling fell to DM 4.0100 from DM 4.1160.

DUTCH GUILDER — Very strong recently, near top of EMS — The guilder was also mixed against the dollar and sterling, but improved against the Swiss franc and the French franc at the Amsterdam closing. The D-mark fell to FF 4.3480 from FF 4.3690 at the fixing, and sterling to FF 4.4990 from FF 4.5060.

DANISH KRONE — Remaining weak despite two devaluations since EMS began 12 months ago — The krone improved against the dollar and sterling, but declined against members of the EMS. The dollar fell to Dkr 5.8360 from Dkr 5.8810 at the Copenhagen fixing, and the pound to Dkr 1.2437 from Dkr 1.2540. The Irish punt rose to Dkr 1.158 from Dkr 1.15750, the D-mark to Dkr 3.1261 from Dkr 3.1248, the French franc to Dkr 1.3430 from Dkr 1.3385, and the Dutch guilder to Dkr 2.5830 from Dkr 2.58470. The Italian lira also improved slightly, while outside the EMS the Swiss franc was firm, but the Japanese yen was weaker.

BELGIAN FRANC — Weakest of the EMS, requiring heavy support recently, but still resisting devaluation — The Belgian franc improved against the dollar and sterling, but declined following the rise in the central bank discount rate. The dollar fell to Bfr 30.175 from Bfr 30.35, and sterling to Bfr 66.39 from Bfr 66.58. Within the EMS the D-mark declined to Bfr 16.1875 from Bfr 16.2095, and the French franc to Bfr 6.9325 from Bfr 6.9480.

### EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rate	Currency amounts against ECU March 20	% change from central rate	% change from adjusted divergence	Divergence limit
Belgian franc	33.7887	40.8910	+2.01	+1.21	-1.53
Danish krone	7.4637	7.4637	0.00	0.00	0.00
Dutch guilder	3.6033	3.6033	0.00	0.00	0.00
French franc	6.5596	6.5596	0.00	0.00	0.00
German D-mark	1.9363	1.9363	0.00	0.00	0.00
Irish punt	7.8756	7.8756	0.00	0.00	0.00
Italian lira	1936.27	1936.27	0.00	0.00	0.00
Japanese yen	163.60	163.60	0.00	0.00	0.00
Norwegian krone	4.7564	4.7564	0.00	0.00	0.00
Portuguese escudo	200.484	200.484	0.00	0.00	0.00
Spanish peseta	166.639	166.639	0.00	0.00	0.00
Swedish krona	13.7603	13.7603	0.00	0.00	0.00
Swiss franc	2.0037	2.0037	0.00	0.00	0.00
UK sterling	16.3558	16.3558	0.00	0.00	0.00

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.40-17.50 per cent; three-months 18.25-18.35 per cent; six months 17.10-17.20 per cent; one year 18.75-18.85 per cent.

	Mar. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian 5	Japanese Yen
Short term	17.40-17.50	15.00-15.10	7.8	5.4	5.4	7.1	7.1	12.4-12.5	15.14	10.1-11	10.1-11
7 days notice	17.40-17.50	15.00-15.10	7.8	5.4	5.4	7.1	7.1	12.4-12.5	15.14	10.1-11	10.1-11
Month	18.4-18.5	17.4-17.5	13.1-13.2	9.8-9.9	9.8-9.9	11.4-11.5	11.4-11.5	18.4-18.5	17.4-17.5	13.1-13.2	13.1-13.2
Three months	18.4-18.5	17.4-17.5	13.1-13.2	9.8-9.9	9.8-9.9	11.4-11.5	11.4-11.5	18.4-18.5	17.4-17.5	13.1-13.2	13.1-13.2
Six months	18.4-18.5	17.4-17.5	13.1-13.2	9.8-9.9	9.8-9.9	11.4-11.5	11.4-11.5	18.4-18.5	17.4-17.5	13.1-13.2	13.1-13.2
One year	17.1-17.2	17.1-17.2	14.1-14.2	11.1-11.2	11.1-11.2	14.1-14.2	14.1-14.2	17.1-17.2	14.1-14.2	11.1-11.2	11.1-11.2

Long-term Eurodollar two years 15.1-15.2 per cent; three years 15.1-15.2 per cent; four years 15.1-15.2 per cent; five years 14.1-14.2 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

### EXCHANGE CROSS RATES

	Mar. 20	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1	2.198	1.403	546.0	9.555	3.873	4.498	1911	3.591	66.20
U.S. Dollar	0.455	1	1.856	248.4	4.347	1.762	2.046	869.2	1.179	30.12	30.12
Deutsche Mark	0.244	0.536	1	133.1	2.329	0.944	1.095	465.7	0.631	16.15	16.15
Japanese Yen	1.832	4.026	7.514	1000	8.237	349.9	349.9	4.474	121.2	121.2	121.2
French Franc	1.047	2.200	4.394	571.4	10	4.053	4.707	1999	2.711	69.28	69.28
Swiss Franc	0.258	0.568	1.059	141.0	2.467	1.161	1.161	465.4	0.669	17.09	17.09
Dutch Guilder	0.222	0.489	0.912	121.4	2.125	0.861	1	424.1	0.576	14.72	14.72
Italian Lira	0.823	1.809	2.147	285.8	6.001	2.027	2.354	1000	1.356	34.65	34.65
Canada Dollar	0.586	0.848	1.584	210.8	5.688	1.495	1.725	727.5	1	25.55	25.55
Belgian Franc	1.511	3.520	6.197	824.8	14.43	6.850	7.904	288.6	3.103	100	100

### INTERNATIONAL MONEY MARKET

## European rates firm Continued rise

Interest rates in Europe continued to rise yesterday with the Austrian's increasing their bank rate to 6 per cent from 5 per cent and the Bank of France buying first category paper at 13 per cent against 12 per cent previously. The Austrian bank rate was last increased on January 23, when it rose to 5 per cent from 3 per cent. Yesterday's rise was seen as another sign in the recent interest rate war, which has left major countries with little choice but to keep in line with the general upward trend. The authorities also increased the Lombard rate from 5 per cent to 7 per cent and announced further rises in savings accounts, the latter with effect from April 1.

In Paris the Bank of France bought first category paper at 13 per cent compared with 12 per cent at the last purchase on February 20. The paper is valid as from today, with a maturity date between March 28 and March 30. In the money market call money remained in good supply, being quoted unchanged from Wednesday at 12 per cent, its lowest level for a month. Period rates were generally unchanged, although the three-month rate eased slightly to 14-14 1/4 per cent from 14-14 1/2 per cent.

In Frankfurt call money was quoted at 8.5-8.55 per cent against 8.5-8.50 per cent on Wednesday, with longer term rates showing a slightly firmer tendency where changed. In Brussels deposit rates for the Belgian franc were easier yesterday following Wednesday's increase in the bank rate to a record 14 per cent. Period rates on Wednesday had ranged between 19 per cent and 20 per cent in the one- to six-month range, but yesterday one-month deposits were quoted at 17-17 1/2 per cent, three-month at 17-17 1/2 per cent, and six-month also at 17-17 1/2 per cent.

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### THE POUND SPOT AND FORWARD

	Mar. 20	Day's spread	Close	One month	p.p.	Three months
U.S.	2.1960-2.2005	2.1975-2.1985	0.55 pm-0.05 dis	0.55 pm-0.05 dis	0.55 pm-0.05 dis	0.55 pm-0.05 dis
Canada	2.850-2.850	2.850-2.850	0.95-0.95 pm	0.95-0.95 pm	0.95-0.95 pm	0.95-0.95 pm
Norway	4.85-4.85	4.85-4.85	3.2-3.2 pm	3.2-3.2 pm	3.2-3.2 pm	3.2-3.2 pm
Belgium	56-56.00	56-56.25	par-10.00 pm	par-10.00 pm	par-10.00 pm	par-10.00 pm
Denmark	12.79-12.96	12.81-12.81	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm
Interbank	11.70-11.70	11.65-11.1,1055	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm
W. Ger.	4.05-4.13	4.05-4.1,1055	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm
Portugal	105-105.00	105-105.00	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm
Spain	193.20-193.16	193.20-193.45	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm
Italy	1.970-1.970	1.970-1.971	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm
Norway	4.85-4.85	4.85-4.85	3.2-3.2 pm	3.2-3.2 pm	3.2-3.2 pm	3.2-3.2 pm
France	95.4-95.81	95.56-95.55	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm
Sweden	11.70-11.70	11.70-11.70	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm
Japan	242-250	242-248	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm
Austria	29.25-29.25	29.25-29.20	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm
Switzerland	1.970-1.970	1.970-1.970	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm	0.05-0.05 pm



## FINANCIAL TIMES SURVEY

Friday March 21 1980

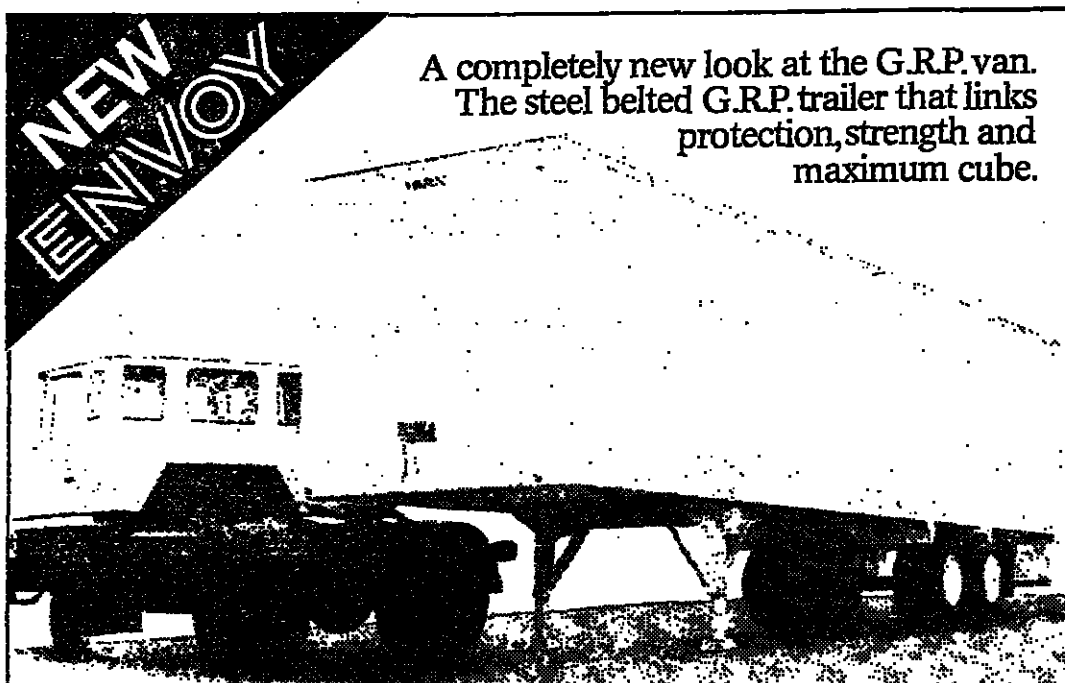
## Trailers

In spite of disruptions in the haulage industry caused by industrial disputes, both internal and external, 1979 proved to be a good year for the trailer makers. The industry agrees, however, that sales in 1980 will show a fall. The question is by how much

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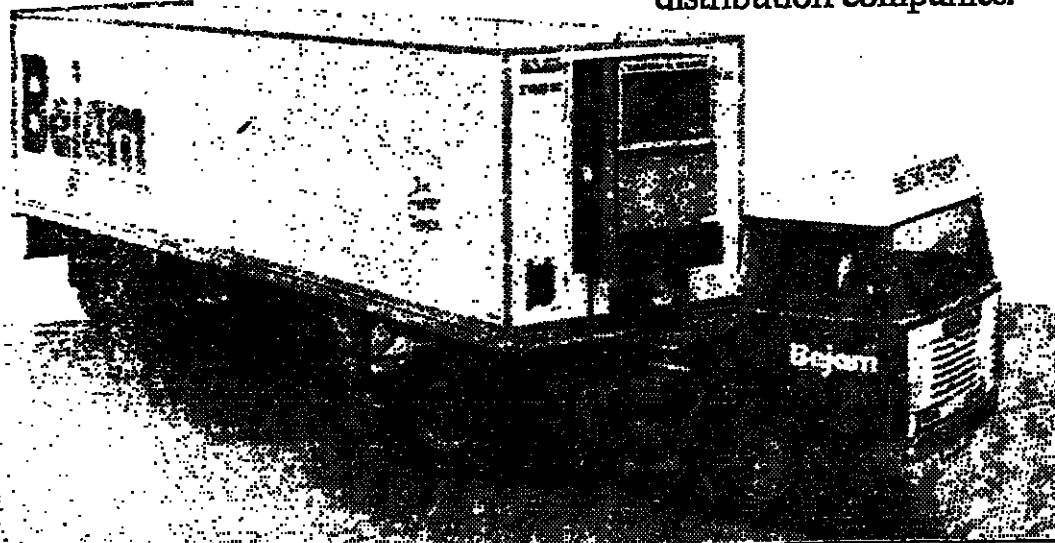
## The inside story from York.



A completely new look at the G.P. van. The steel belted G.P. trailer that links protection, strength and maximum cube.

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## FREIGHTMASTER

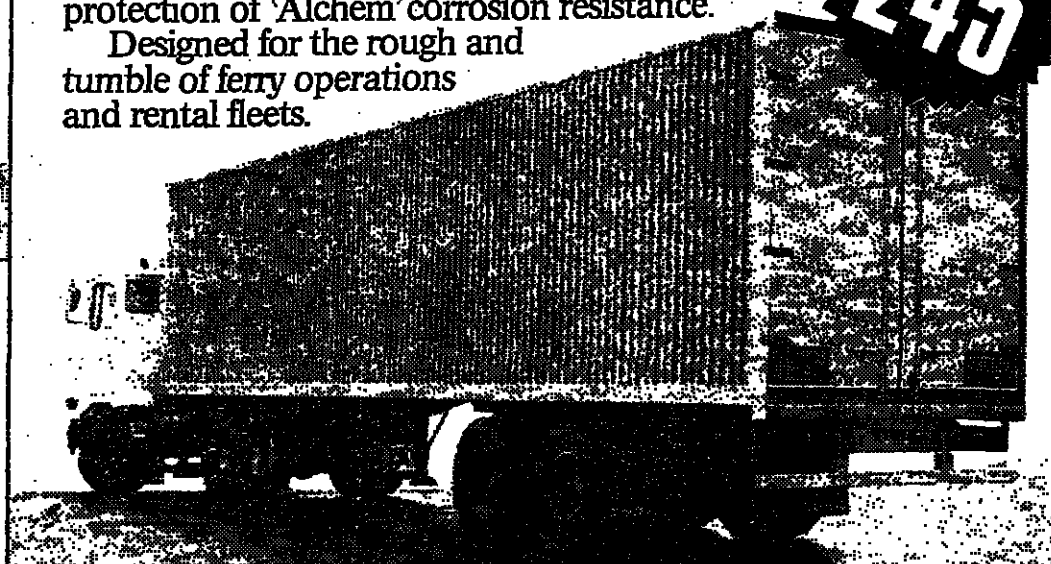
Whatever your load pattern there's a Freightmaster to fit it. Freightmaster has the widest range of applications and an unequalled performance record among industry's most profitable companies.



The enclosed vehicle will dominate the roads of the 80's. As cargoes increase in value, protection will be vital. From weather, handling damage, pilferers. That's where YORK know-how will dominate. We have the industry's most comprehensive line up. The right vehicle for your load patterns, whether it be dry freight, reefer, curtainsider — aluminium, G.P.P., or steel. You can invest with certainty from our terrific range.

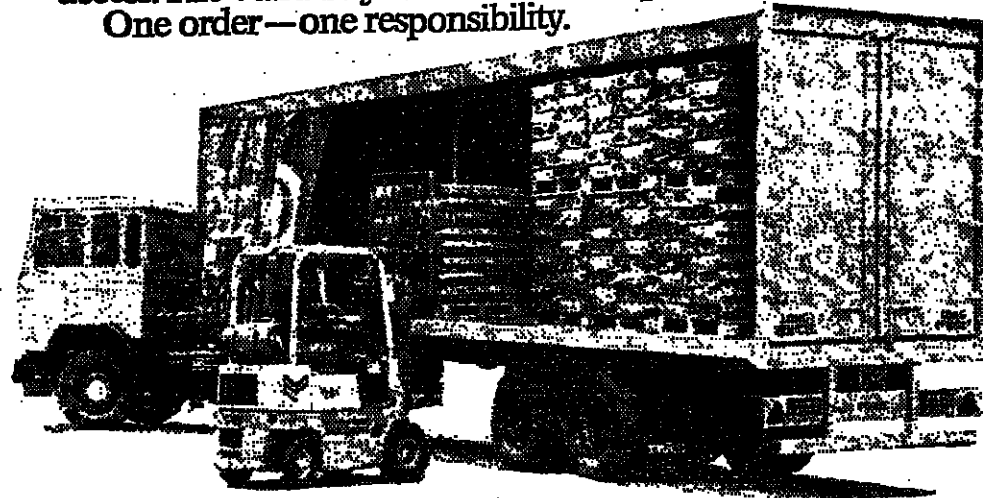
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## TRAILERS II

# Sales rise buoyantly in a tricky year

AGAINST ALL the odds, 1979 was a good year for the UK trailer makers. The consensus of opinion is that about 17,500 trailers were sold last year, up from about 15,000 in 1978. This was in spite of the haulage dispute at the beginning of the year and the big pay rise for drivers that the haulage industry had to absorb after it ended. Towards the end of the year the engineering dispute also affected some trailer plants although the trouble was patchy. The haulage industry continued to buy trailers, however. Part of the reason must have been that the transport companies needed to catch up with their trailer purchases after two lean years.

The buoyancy in the trailer market was mirrored by truck sales in 1979. The truck makers had begun the year expecting a decline in registrations. Instead, sales of trucks over 3.5 tons rose 12.4 per cent on the 1978 level to 79,856, according to the Society of Motor Manufacturers and Traders' statistics. High demand for trucks is not necessarily reflected in the trailer market. In 1978 trailer sales faded badly from the summer onwards but heavy truck registrations continued inexorably upward.

There is evidence that trailer sales owe much more to activity in the movement of goods than to the increase in truck registrations. Gone are the days when a haulier would order a complete new rig, both tractor and trailer, for delivery at the same time, both finished in matching paintwork. Trailers outlive trucks so it is now common to hitch a not-so-new trailer to a brand new tractor unit.

Another reason that trailer sales do not match the highest peaks in the truck business is that there are plenty of importers willing to fill the gap if demand becomes too great for the UK truck manufacturers to meet—something which happened both in 1978 and last year.

That is not the case with trailers. The present differences between the various national regulations for trailers in the European Community countries preserve the division of the EEC market into a number of national markets. There is relatively little cross-frontier trade in trailers as a result.

Some executives in the trailer

industry, among them Mr. Henry Booker, managing director of Craven Tasker, suggest that though the industrial disputes might have been painful, far worse for the industry in 1979 was the impact of very high interest rates.

So many of Britain's hauliers own small companies operating with a small capital base and mainly with borrowed money. They had to find the extra interest charges at a time of galloping inflation. The Road Haulage Association's cost index showed a 22.5 per cent rise in 1979.

Between January 1 and December 31 the RHA's price movement survey recorded the following increases: labour costs, up 9 per cent; DERV, up 7 per cent; tyres, up 0.8 per cent; repairs and maintenance, up 1 per cent; vehicle replacement, up 2 per cent; and various other costs including facilities, insurance, finance and so on, up 2.7 per cent.

The message from the RHA to its haulier members was simple: You must increase your charges to cover the increased costs.

In the words of one trailer executive: "Too many companies today do not have the financial liquidity to pay for what they want."

## Laid off

The salt in the hauliers' wounds has been the steel strike. Much steel is distributed by road and haulage companies in the affected areas have suffered severely.

In the South Yorkshire area, for example, 4,000 drivers have been laid off because of the steel dispute and the RHA estimates that operators there have been losing about £300,000 a week during the dispute. "And they do not have any fat on their backs after the drivers' strike last year," commented an RHA spokesman.

In all the circumstances, it is not particularly surprising that the trailer manufacturers experienced a downturn in orders in November and December last year which continued into January.

The industry's forecasters are not very consistent in their views about what 1980 as a whole holds in store. They all agree that sales will drop. But their estimates range from

a 10 per cent slip to a steep, 20 per cent slump. Crane Fruehauf, which as the UK's biggest trailer maker should know the market intimately, estimates that trailer sales this year could be down from 17,500 to between 12,000 and 13,000. The prospects, therefore, are for yet another price war—or if not a war perhaps a skirmish.

The major companies, of course, use more subtle methods than outright price-cutting. They offer more competitive financing deals (lower-than-average interest rates must be an attraction) and financial "packages." Those companies with their own leasing facilities might well enjoy something of a leasing boom as the cash gets squeezed out of customer companies.

But in spite of all their financial muscle, the major manufacturers simply have to face the fact that there just is not enough technology in a trailer to encourage customers to pay higher prices for better trailers.

On the brighter side, though, when deliveries of new trailers go down, the service and spare parts business owned by the trailer makers often do well.

In any case, trailer manufacturing seems on the face of it to be a pretty marginal business. Service and spare parts is where the money is made.

There were some green-with-envy faces in the industry in January this year when the Dana Corporation bought the Intertruck companies for over £2m. Intertruck has never made trailers—just parts. And its main strength was distribution to the aftermarket.

Although the trailer industry is one where high technology has been developed over recent years. The use of glass-fibre reinforced plastic (GRP) in trailer manufacture has increased over the past few years and provides a case in point.

GRP provides large, smooth, easily-cleaned panels which makes them attractive to some customer industries such as the food distribution business. The GRP panels do not damage so easily and give a semi-insulating effect.

Another change over recent

years is the type of trailer demanded in the UK. In 1970 about 60 per cent of the trailers on Britain's roads were of the flat platform type. By 1980 this had dropped to only 15 to 16 per cent, used only for the transport of dry freight.

Van trailers have become the most popular, now accounting for 20 per cent of total sales. The rest of the market is roughly 12 to 15 per cent current-type trailers and 5 to 6 per cent TR trailers.

One question which the trailer industry must often ask of itself is whether it is a good idea to have some suppliers with a semi-monopoly.

**Storage problems**  
The classic case is Rubery Owen-Rockwell which dominates the supply of trailer axles. That the company offers good products is not in doubt. But another factor in Rubery Owen-Rockwell's favour is that hauliers do not want the added cost and storage problems associated with stocking stores for axles from two manufacturers.

In times of booming business, this too often makes the trailer business manufacturer the ham in the sandwich—between a customer who insists on having Rubery Owen-Rockwell axles on his trailer (and, just as likely, Michelin tyres) and suppliers who have difficulty meeting demand.

The trailer industry itself has proved that it can cope with extreme variations in demand. In 1973 the industry received orders for 28,000 trailers and made about 20,000; in 1974 about 13,000 were ordered and 10,000 delivered; in 1975 about 7,500 were made and sold; in 1976 the total was 9,500 made and sold; in 1977 about 13,500; up to 15,000 in 1978 and 17,500 last year.

Mr. Jeff Harrison, managing director of Trailer's UK company, reckons that the underlying rate of demand in Britain is for 16,500 trailers a year and that this is where sales will remain until something comes along to boost or depress them.

In the past demand has been given a helping hand on several occasions by legislation. First the increase in allowable trailer length from 26 ft to 33 ft out-dated much of the haulage industry's stock of trailers. This

## EUROPEAN TRAILER MARKET 1979

Total number of trailers produced: 53,123  
Percentage of market per manufacturer: %

Fruehauf Group	20.1
Trailer	9.3
Kaiser	1.8
Kassehohre	5.9
Kogel	2.1
Blunhardt	2.7
Daf	1.3
Van-Hool	1.2
Lecinea (Italy)	2.0
Schwarz-Muller	1.1
York	6.7
Craven Taskers	5.0
Pacton	0.5
Lag	0.9
Mol	1.1
Miscellaneous	38.5
Total number of trailers manufactured per country:	
France	14,173
Germany	17,100
GB	14,500
Holland	4,500
Spain	3,600
Austria	2,282
Belgium	
Luxembourg	2,000

No figures available for Italy  
\* Trailer estimates.

was followed by an increase from 33 ft to 40 ft and the process was repeated.

Similarly, the increase in allowable gross vehicle weight from 24 tons to 32 tons pushed up trailer demand. But a further move seems some way off.

The Government, ever wary of the political problems which might be associated with giving the go-ahead for heavier truck weights, has set up yet another inquiry. This time Sir Arthur Armitage, Vice-Chancellor and Professor of Common Law at Manchester University, heads an inquiry to consider the causes and consequences of the growth in the movement of freight by road and, in particular, of the impact of the lorry on people and their environment; and to report on how best to ensure that future developments serve the public interest.

The inquiry team is not due to report before this autumn and there is no guarantee that the Government will act immediately on its findings. But the inquiry should pave the way, at long last, to the UK playing a leading role in getting the Common Market harmonisation process out of the mud and on the road again.

Kenneth Gooding

# Industry changes to match market

TRAILER COMPANIES with a stock market quotation of their own are few and far between. Most are owned by larger organisations within the engineering industry or are small, privately-controlled companies. So the near-disappearance during the past few months of one of Britain's few remaining quoted trailer companies deserves more than a passing mention, particularly as the company concerned, R. A. Dyson and Company, was founded as long ago as 1840.

Dyson has been designing and constructing trailers to carry loads ranging from five cwt to 150 tons for many years. It went public on the Liverpool Stock Exchange in 1952—the company's headquarters is in Liverpool.

The heavier types of Dyson trailer have been used in most parts of the world carrying transformers, mining equipment, locomotives and so on. Dyson's regular customers have included the leading oil companies, ICI, the BBC, and United Africa Company.

A large part of the company's output has been exported for many years and it was this heavy reliance on overseas markets which brought about a financial collapse—almost a case of "export and die."

The virtual closure of many traditional British export markets over the past year or so, including West Africa in particular, Nigeria, Iran, Turkey, and Iraq hit Dyson hard because they came so close together. The company had little time to build up compensating business in its home market.

It was pushed over the edge by the engineering dispute which also adversely affected cash flow last autumn and left the company looking for a financial rescue operation after its bankers refused an increase in credit.

The Dyson Board talked to several potential purchasers but it was the Ryland Vehicle Group which finally showed enough interest to make nominal offers which the Dyson directors quickly recommended. Ryland is a private company

in the business of distributing and hiring vehicles, road transport, storage, plant hire and public works contracting.

Ryland believes that Dyson will provide a natural extension to its activities. And, perhaps most important, Ryland believes that its extensive distribution system in the UK should provide the basis for an improvement in Dyson's sales and therefore compensate for the loss of export orders which was the principal cause of Dyson's poor trading performance over the past 20 months.

Another deal which has slightly changed the face of the industry this past few months—and might also have major implications for the future—highlights the fact that while there is not much money to be made from manufacturing trailers, supplying services and spare parts can be lucrative.

The deal in question involved the Intertruck group which makes some trailer parts for the original equipment market—but no complete trailers—and distributes a wide range of truck and trailer parts to the aftermarket.

## Determined efforts

In the year to the end of April 1979 Intertruck made a taxable profit of £390,000 on sales of £2.21m. Compare that with York Trailer's results for 1977 (chosen because it was a reasonably good year) when that group made a pre-tax £2.74m on a £68m turnover.

Intertruck has been bought by the Dana Corporation, one of the largest suppliers of automotive components in the U.S. and a group which has been making determined efforts to build up its activities in Europe.

Dana sees the Intertruck activities as complementing its worldwide vehicle product lines and marketing structure and it is paying £3.284m for Intertruck in cash and shares. That is quite a premium on Intertruck's net assets, worth £2.35m in April, 1979.

Of course, the influence of the North Americans on the UK and European trailer industries is already considerable.

The Fruehauf Corporation

has an estimated 20 per cent of the European market and nearly half of UK trailer sales. Fruehauf's history in Europe is typical of many U.S. capital equipment manufacturing groups. It started by allowing European companies to use its technology by way of licensing deals and followed through by cementing the arrangement with a shareholding in most cases.

It has recently started to bring its European affiliates closer together and is treating Europe as a single market in much the same way as it is able to treat the various States in the U.S.

The aim is to integrate design, manufacturing, parts-buying and marketing into one co-ordinated effort.

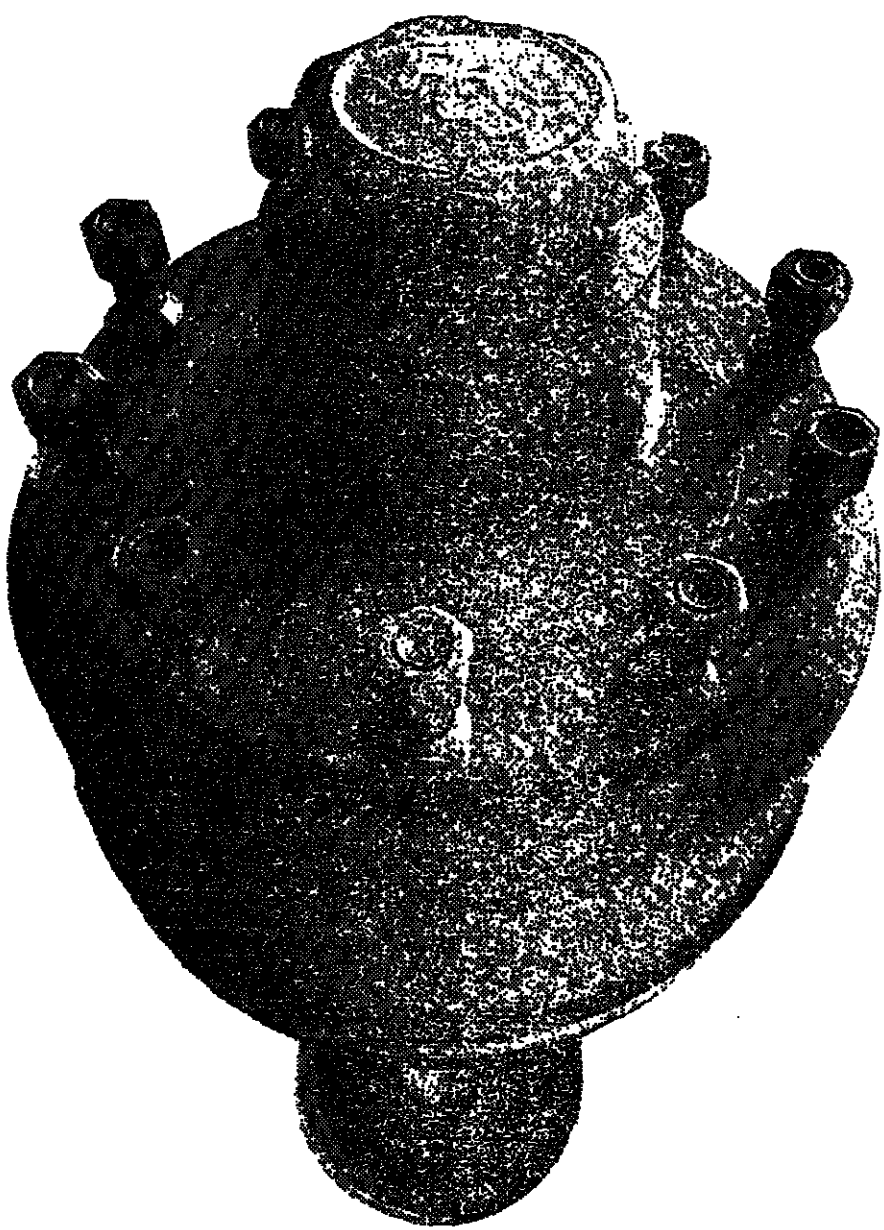
As harmonisation of requirements among the EEC countries gradually takes effect, there should be more and more opportunities for joint buying of components and for standardisation of the trailers built in various parts of the Common Market.

But to control such a policy adequately, Fruehauf needed to tighten its grip on its European associates. It took over—after a fight—Crane Fruehauf in the UK, then Netam in Holland. For some years it already had control of its French offshoot and of Ackermann-Fruehauf of West Germany.

Pullman Corporation, the U.S. transport equipment (Trailer) engineering and construction group, also has a major share of the total European trailer market, but at around 9.3 per cent it is well behind Fruehauf. Pullman operates through Trailer in France where it has what it claims is Europe's biggest single trailer factory with an output of 1,000 a month, a level not achieved by any of the individual Fruehauf businesses.

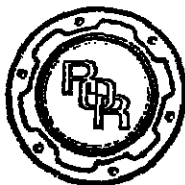
The background to Trailer operations in the UK is outlined elsewhere in this survey. However, the UK expansion shows that Trailer, like Fruehauf, might well set up manufacturing as well as marketing and service operations in the latter individual European markets.

Kenneth Gooding



**Reliability On Roads**

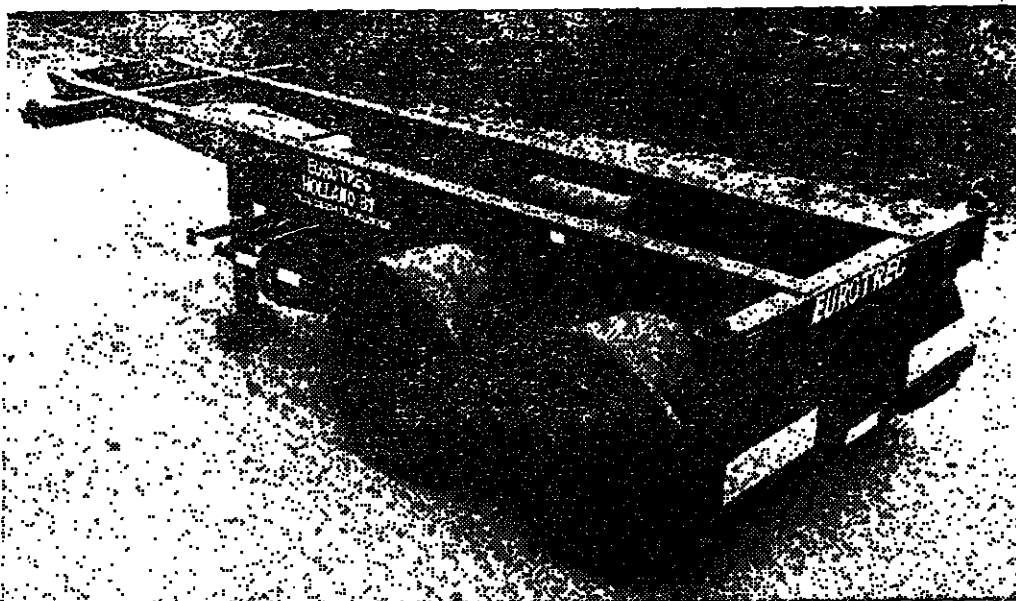
The Trailer Components for the Eighties



**Rubery Owen-Rockwell Ltd.**

Rackery Lane, Llay, Nr. Wrexham, Clwyd LL12 0PB.  
Telephone: 097-883 2141. Telex: 61427.

# New designs aid flexibility



One of two trailers built by Craven Tasker fitted with approved EEC braking systems. The trailers were designed to conform with Dutch and Belgian requirements

DRIVE ALONG any motorway these days and the principal change in the trailer industry during the past few years is plain to see. The platform trailer with its lumpy load hidden under a lashed but sometimes flapping tarpaulin is increasingly a rarity. In its place is the glass-reinforced plastic or aluminium van trailer.

Whether full van trailers, curtain-siders or side-loaders with sliding doors, they provide better security for loads and from pilferers, maximise volumes that can be carried of goods where bulk is a more important consideration than weight, and can be loaded easily and quickly, thus drastically reducing turnaround—a factor of major importance now in terms of drivers' wages and restrictions on working hours. While environmentalists might raise querulous eyebrows, such trailers also provide hard-to-ignore mobile advertising billboards. And, particularly when involved in the carriage of foodstuffs, they are remarkably easy to maintain and keep clean.

The various forms of chassis-less van-type trailers now account for nearly a half of total UK trailer sales and a similar pattern is showing up in mainland Europe.

Trailer-making does not really offer scope for high technology in the same sense as for the motor industry in its search for greater fuel efficiency. But new materials and new construction methods entailing greater flexibility in meeting customers' specific needs—refrigerated vans, or "reefers," are a case in point—are producing a greater sophistication in the industry. At the same time there is a continuing search for aerodynamic and weight-saving improvements to complement tractor makers' own fuel-saving activities, while with European harmonisation regulations set below if not yet on the horizon, there is an increasing concentration on ways of making trailers safer.

There is a continuing debate over materials: some industry quarters feel that the light weight of aluminium in the end will lead to its predominance in the superstructures of trailers despite GRP's extra toughness, particularly now that the relative costs of the two materials have moved closer together.

What is now clear, however, is that the hoped for weight-saving bonus provided by aluminium chassis and base frames has not worked out. "Two years ago there was a fair amount of optimism over

the aluminium chassis," says Keith Buckley, York's chief designer. "But there are fatigue problems, and if they get damaged they have got to have specialist repairs and we've got to bear in mind that these things inevitably get neglected. "Thus for most makers, except in more specialised applications such as tipper, the steel base frame remains."

Costs have become increasingly critical to hauliers, to the extent that some are reluctant to spend in other areas such as safety where, apart from the potential saving of life and prevention of injuries, there exists the potential to improve the industry's public image.

## Spray problem

Spray, a notorious problem with heavy lorries at higher speeds, provides one example. Graham Thompson, Crane Fruehauf's design director, says that systems exist to reduce spray, though not eliminate it, but it's very difficult to sell a spray system for £330-£400 per trailer to an operator facing a costs squeeze. "Scam-mell also produces a rear under-run bumper, called the "Cushion Stop," which pivots on hydraulic units and springs. While reducing the severity of an accident, it also greatly diminishes the prospect of repair downtime.

Again, though, the problem remains that where operators are not actually obliged to fit such equipment, the chances are that they won't. It is an area where the trailer makers

are in consensus that such items should be fitted, and that legislation should take the mout of the "optional extra" category. In the view of Craven Tasker, the UK's third largest maker, the fastest growing trailer category of all is the curtain-sider. Side-loading allows particular versatility, while the trailers' thin but extremely strong curtains, reinforced by their securing straps, maximises the volume that can be carried. The straps, and rollers at each end to toughen the curtains lengthways, allow high bulk, low weight goods can be carried in considerable security. The next likely step is for a single action bottom securing device, to save drivers even the time involved in doing up individual buckles.

Boalloy, now part of Craven Tasker, won a Design Council award four years ago for its curtain-sider, the Tautliner. And this year Craven picked up another with its "Taskold" reefer, a total of 1,200 of which have been ordered or are in use by the Danish Bacon Company.

The sliding side-door trailer has shown itself to be particularly useful in urban operations, for the carriage of items such as dairy products and white goods, and with the introduction of built-in double decks and compartments and other bespoke items to individual customers' specifications, trailers such as York's Freightmaster are becoming more of a freight handling system than simply a trailer.

One of the concerns increasingly occupying makers is the expected introduction of a maximum height limit for Europe—a 4 metre maximum is already

fairly widespread on the Continent. This threatens to create carrying capacity problems. Tractor fifth wheel couplings increasingly have edged closer to the maximum British Standard height, putting pressure on trailer makers to find ways of slimming down the connecting necks on their own products.

The problem is not too severe for operators carrying 8 ft high containers, but the growing numbers of 8 ft 6 in containers does suggest that trailer and tractor makers are going to have to work closer together on compromises. Trailer-makers have already had success at narrowing necks; from 10 ft down to, in some cases 4 in, but this has only been achieved at a penalty of adding weight for bracing. While low profile tyres and constant level air suspension can mitigate the problem, some of the solutions at least must come from the tractor makers.

Certainly there appears to be room for better tractor-trailer manufacturing liaison. There is by no means as much compatibility between units as there could be, and York's Mr. Buckley goes so far as to suggest that the current situation is something of a nightmare for hauliers. He suggests that if there is a minor relaxation of length restrictions—"It's going to be a fight between trailer and tractor as to who gets the extra."

Trailer makers would like to see standardised dimensions for trailer and tractor wheelbases and in such areas as coupling-rear dimensions. (The introduction of longer, "sleeper"

cabs has increased difficulties here) so that a trailer could be coupled to any make of tractor unit. At the moment, he suggests, "it's always the trailer that's wrong."

Such dimensional problems are not confined to compatibility—they also feature in aerodynamic equations offering higher weights apart, probably the biggest potential for saving. Minimising the trailer gap can play an important part in reducing air drag, and trailer makers concede that there is still a considerable amount of work to be done in other aerodynamic areas.

Raduced front edges have helped, but research is also going into ways in which the undersides of trailers can be "cleaned up" to match aerodynamic advances in tractor designs. The ultimate result could have similarities to the "ground effect" designs of grand prix racing cars. Aerodynamics are complex, however, and once device which visually appears to be a low-cost improvement, the bolt-on aerofoil, is not problem-free. Their efficacy varies enormously depending in angle installed and type of tractor-trailer unit and in some cases can actually be counter-productive.

In the absence of that, one "integrated concept vehicle" currently being tested in West Germany perhaps provides a pointer for the direction in which the industry might go. Ackermann and Daimler Benz last year unveiled the GLZ, a 38-tonne unit with minimal distance between the trailer and a tractor which, with the sleeper unit built above the "working" cab, presents a streamlined frontal area.

A reduction in the air drag over conventional tractor-trailer units of 10 per cent is claimed, but Crane Fruehauf believes the saving is considerably more than that. Apart from cutting drag, "two-storey" cabs could become increasingly important as a way of offering greater trailer cubic capacity.

One accelerating development in trailers, however, could render such considerations of no academic, then rather peripheral by rail, their movement with tractors to take them on just the last leg of their journey by road. Mr. Jeff Harrison, managing director of Trailer (UK) believes that there is a bright future for "kangaroo" trailers, especially designed to be manoeuvred onto low rail wagons which are themselves purpose-built to accommodate trailers at minimal height.

John Griffiths

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# Makers optimistic about export prospects

THE WEAKNESS in the recent export performance of Britain's trailer manufacturers appears to be levelling out, and there is optimism that the industry can look forward to a brighter picture in terms of overseas sales both this year and in the years ahead.

However, this optimism cannot be termed as unbridled yet, for there were enough problems within the industry during the year: the truck drivers' strike, the engineering dispute and the rising value of the pound—to inject a sobering element of caution in prognosticators' forecasts.

Of the 24 industrial trailer manufacturers listed in the UK by the Society of Motor Manufacturers, the industry leaders continue to be Crane Fruehauf, part of the U.S.-freighting conglomerate, York Trailers, part of York Transport Equipment, and Craven Tasker, the trailer manufacturing division of John Brown Engineering.

Most indicative of the industry's new optimism is Crane Fruehauf, which has undergone a major internal reorganisation within its UK division following its takeover by Fruehauf of the U.S. two years ago. One element of this shake-up saw Crane Fruehauf dissolve its Overseas Sales Division and set up an export section aimed at sharpening the company's presence in the international marketplace.

## Sales teams

Mr. Barry Fiske, the export director, said the company was now making better use of the U.S. parent's distribution network on the Continent. It was also improving its ties with sales agents in Europe, responding to the traditional European custom of preferring to deal with locally-based contacts rather than sales teams pitched in from overseas on sales missions.

It has picked up spares and parts replacement business among Middle East clients—something of a rarity in the trailer business. In addition, Crane Fruehauf has concluded a wide range of recent deals, not only in its strong Middle East market, but in Holland and France and in Sweden and Denmark, where it has concluded sales for refrigerated and TIR units.

In all, this means that the company is enjoying lively sales overseas. Its exports turnover rose 50 per cent last year over the previous year, and although Mr. Fiske was not able to say

BRITAIN'S TRAILER EXPORTS			
	1978	1979	
	Quantity (metric tonnes)	Value (£m)	Quantity (metric tonnes)
Trailers and transport containers			
EEC	64,763	£70.6m	64,735
Total	104,053	£124.9m	97,521
Trailers and semi-trailers for transporting goods			
EEC	10,760	£13.7m	9,314
Netherlands	2,612	£4.7m	1,049
Ireland	4,032	£3.6m	4,876
Denmark	1,763	£2.7m	1,729
Nigeria	2,256	£2.4m	2,250
Saudi Arabia	2,614	£3.4m	2,645
Other countries	10,746	£13.8m	8,446

Source: Department of Trade.

how this was contributing to the company's overall financial success, Crane Fruehauf appears to be well on its way to reaching a £10m foreign sales target for 1981 for all types of industrial trailers.

According to Department of Trade statistics, exports of all trailers and transport containers in 1979 totalled £70.6m, valued at £117.2m of which EEC clients imported some 64,700 tonnes valued at £74.1m. This was a fractional decline from overall sales of 104,053 tonnes at £124.9m and EEC sales of 64,763 tonnes at £70.6m for 1978.

The exports of trailers and semi-trailers for transporting goods reached 18,434 tonnes last year and a value of £25.1m, with the EEC taking 9,314 tonnes worth £10.5m. In 1978, these totals were 25,064 tonnes worth £33.2m, with the EEC's share at 10,760 tonnes and £13.7m.

Crane Fruehauf's outlook, however, is counter-balanced by that of York Trailers, which was especially hard-hit by the lorry drivers' strike last winter and the autumn engineering strike. The company had been showing an improvement over its 1978 results until the drivers' dispute hit, and by autumn, at the height of the engineering dispute, it was forced to confess that industrial problems "have destroyed the growth for the third quarter and, with it, our expectation of a reasonably good year in 1979."

Yet, in spite of the problems caused by late deliveries and the inability of customers to collect equipment, York said it was confident it would rebound in 1980.

Industry officials readily admit that the high value of the pound has hurt their competitive posi-

tion in international competition. They concede, that it is difficult to quantify the problem in the light of Britain's more pressing industrial difficulties last year.

Nevertheless, they point out that Britain is in a strong competitive position internationally, not only because of its traditional strength in far-flung emerging countries, but because of its reputation for building lighter and more well-assembled trailers.

Standardisation remains something of a problem, however, in some markets, such as the Continent, where what is permissible for roads in Holland may not be suitable for roads in France.

But the trailer-cab coupling problems that were widespread a few years ago have long since been overcome thanks to the leadership of Volvo and Scania of Sweden, which were at that time the leaders in truck design, and who set the pattern for other truck makers in the UK, Europe and the U.S., with follow-on co-ordination by the trailer manufacturing industry.

## Accessories

York Trailers also points out that uniformity of standards, such as between the UK and Europe on gross commercial vehicle weights, is finally coming into being on the basis of what the company has called the "utter logic" of fuel conservation and cost effectiveness for the nation's transport. As trade delegates have indicated, Europe remains the primary marketplace, with the Ireland, Denmark and The Netherlands being by far the largest markets for UK-manufactured trailers and accessories. While both Holland

and Denmark are among the smallest countries on the Continent, the UK market penetration reflects the importance of their transport industry in the movement of goods in Europe.

Last year, Britain sold 4,876 tonnes of trailer and semi-trailer equipment to Ireland for £4.01m, another 1,729 tonnes at £2.7m to Denmark and 1,049 tonnes at £1.1m to The Netherlands. The Ireland market was up sharply, but the Danish and Dutch markets showed declines from 1978.

Crane Fruehauf has enjoyed a spurt of sales in Scandinavia, and Craven Tasker has just announced the sale of £1m for the supply of refrigerated trailers designed for operation in Scandinavia and the UK to Ess-Ford of Denmark.

In spite of the collapse of the Iranian market and the consolidation of some Middle East ones, Crane Fruehauf is optimistic of a recovery in the region, and is particularly encouraged by the emergence of Iraq, where the company predicts about a three-year run of good business.

Iraq's potential was emphasised by a series of "ministerial level missions" to that country in recent months by businessmen. The company also maintains its strength in the United Arab Emirates and Kuwait.

The Saudi market has shown some slippage, with UK exports of trailers and semi-trailers declining fractionally from 2,614 tonnes at £3.4m to 2,045 tonnes, also valued at £3.4m—the constant value being attributable to inflation rather than strength of unit sales, but the company sees its own performance in the region as improving.

As for new markets in emerging countries, Craven Tasker is enthusiastic about recent sales to Pakistan, Sri Lanka and Burma, and last year it delivered a 150-tonne trailer, one of the largest it has built, to North Vietnam. But it also has sold to Poland and feels that there is much to be gained for the industry through closer ties with the Comecon bloc of countries.

The chief African purchaser of industrial trailers has been Nigeria, but sales reached only 289 tonnes valued at £846,000 last year, compared with 2,356 tonnes valued at £3.4m the year before. This decline was largely the result of the severe economic retrenchment by the Nigerian Government last year.

Frank Gray



British Road Services is renting as part of its approach to providing a comprehensive distribution service

## Steady growth in leasing

RENTING AND leasing trailers, although a relatively recent trend in the UK, is experiencing a steady growth. This growth has been attributed to a multitude of causes, not least that in the present time of economic uncertainty haulage companies are loath, or unable, to invest large sums of their own capital in new equipment.

By renting a trailer, a haulier can take on extra equipment during peak working periods as well as to try out different makes of trailers without making a long-term commitment to a manufacturer. Customers vary—from the one-man operator to the major brewers and nationalised industries. However, not all operators believe that leasing is a viable form of fleet financing.

United Carriers, for example, does rent trailers to provide extra capacity when traffic levels are very high, for example, shortly before Christmas. But it does not have any trailers on lease, preferring outright fleet ownership.

Mr. Martin Smith, United Carriers' company secretary, said: "Leasing is a way, for example, to start off in the haulage business. It is a system which makes sense to those who cannot take advantage of capital allowances. United Carriers is very soundly based and has the cash resources to buy its fleet outright."

One of the most recent groups offering trailer rental is British Road Services, BRS, when it launched trailer rental last March with 100 trailers, said that the activity was "a natural progression from the successful BRS truck rental operation and formed another important link in the development of a total distribution service within the UK by BRS."

Trailer operating was not a new venture for BRS—it had

about 6,000 trailers in service with its general haulage, contract hire and distribution business. However, it said market research indicated "a considerable growth" was likely in the UK over the next five years, coupled with a continuing swing towards low-commitment hiring.

BRS aims to have nearly 2,000 trailers for rent by 1984 and it said its present central fleet of 400 trailers was "well on target." One of its advantages over competitors is that BRS has extensive back-up services from its 150-plus operating depots and services—such as BRS Truck rental which can supply tractor units when required.

## Potential

However, the major UK rental company is the U.S.-owned Transport International Pool, which owns a fleet of 4,000 trailers operating from 17 branches in the UK and 10,000 trailers from 53 branches in Europe. The European depots are in France, Germany, Holland, Sweden, Denmark and Finland.

TIP believes that 15 per cent of all trailers in the UK are rented. This is a figure well below the American level but still a greater percentage than that achieved on the Continent, with the exception of Holland.

TIP stresses the local nature of trailer rental, and therefore the potential for opening branches in relatively small industrial towns. Mr. Brian Pickering, TIP's marketing director, said: "Customers don't want to have to drive many miles to pick up a trailer."

TIP rents its trailers for periods of one day to three years, with a wide choice of vehicle and service. There are 16 basic types of trailer purchased from a fair range of suppliers. Mr. Pickering says

TIP's specifications to manufacturers are high. "We are renting trailers for many different types of tractors and so we have to have many more 'extras' on the trailers than if we were buying a trailer for one specific tractor."

The other major trailer rental and leasing company in the UK is Crane Fruehauf, which is also American-owned.

Crane's trailer operations divide into two separate areas of operation. Crane Fruehauf Finance provides a leasing service while the company's rental operations are run by Rentco. Rentco was formed in 1970 while CF Finance was formed in 1973.

Rentco has a range of semi-trailers for rental and contract hire from 19 branches in the UK. A few more branches are planned. The company operates about 3,000 trailers. In recent months Rentco has been energetically conducting a promotional campaign, called Custom-plan, by which a customer commits himself to a certain length of rental period he is given a number of weeks' use of the trailer free. For example, on a two-year contract he would have 12 free weeks.

Rentco said: "We launched the programme in February and the offer ends on April 30. We believe it could boost the business, given the current industrial problems such as strikes which are affecting the haulage industry."

"We are also trying to offer the customer a more flexible package and building the rental around his needs. For example, a customer can take a hired trailer to any one of our branches for service or maintenance work."

On the Continent, Rentco has about 3,000 trailers on hire in Holland, Belgium, France, Germany and Sweden. The Con-

tinent has few domestic trailer hirers, most are international, such as Rentco, TIP and X-Tra. It is only in Holland that trailer-renting is well established, since the idea is "less understood" in the other major markets such as Germany.

CF's other subsidiary in trailer-rent and leasing is CF Finance, which provides the facilities for the acquisition of group products on hire-purchase or on a long-term lease. Its operations are now divided fairly evenly between leasing and hire purchase.

While CF and TIP are the long-established leaders in the market there are several other companies offering similar, and competitive, services. These include Trailrent, X-Tra, Central Trailers, Euro-Trek and Willhire of East Anglia.

## Subsidiary

Trailrent, set up in August 1978, is financially supported by National Car Parks. It is not a subsidiary of NCP but has a number of directors in common. Eight of the people involved in setting up Trailrent had been former employees of Rentco.

Geoffrey Markham, financial and leasing director of Trailrent, said: "We now have about 1,000 trailers which can be hired or leased. Our growth has been rapid."

"The market for trailer rental, for example, is growing, and will continue to do so for the next five years. Although the percentage of trailers hired in the U.S. is much higher than in the UK, it is now generally becoming more acceptable to hire a trailer in this country."

Trailrent offers a "good range of trailers from low-loaders to refrigerated trailers and has six branches in the UK."

Lisa Wood

## EEC common standards making slow progress

LOWLY, agonisingly so for trailer makers and the industry, Europe is moving towards a set of common standards for commercial vehicles. They are badly needed.

The disparities of existing national legislation among the nine EEC members are considerable and range from the most important concern, that of vehicle weights, over a host of safety and technical issues down to the size and location of cautionary boards.

Yet there is little optimism among trailer manufacturers or hauliers that an overall regime allowing, for the hauliers, unhindered movement of goods vehicles throughout the EEC and, for trailer-makers, full opportunities to rationalise products and production will emerge much before 1982.

In Brussels, Europe's Economic and Social Committee, with technical and other working groups is endeavouring to draw up a package covering weights, dimensions, safety and other items.

But when a harmonisation package is knocked into shape, it will face—apart from potential opposition from national industry and environmental lobbies—passage through the EEC Commission, then likely further referral back to technical groups before landing on the agenda for the Council of Ministers. Rumblings from the affected industries about "heel dragging" by Brussels bureaucrats have done little to speed up matters.

The problem is felt especially acutely in Britain, where the trailer and haulage industries have lived for a decade with a £2.5 tonnes gross vehicle laden weight limit while the rest of Europe has moved to 38 tonnes and above. But now there are cautious hopes that a commission set up under Sir Arthur Armitage to investigate the impact of heavy lorries on people and the environment, and which is expected to report to the autumn, might prove the catalyst for breaking up the solid mass of environmental opposition to a higher national weight limit.

It is argued that with about seven tonnes payload less per vehicle compared with European rivals, UK hauliers are operating internationally at a severe economic disadvantage and that a move to a 40-tonne limit would greatly improve fuel efficiency. It is also suggested that an earlier increase in gross laden weight from 24 to 32.5 tonnes, which allowed a big increase in the quantity of goods carried without corresponding growth in the number of lorries carrying them, would be repeated.

But the crux of the UK industry's case, and on which much of the environmentalist opposition centres, is that the higher weight can be introduced without tractors and their trailers being physically bigger overall—though an extra half metre over and above the existing 15 metres maximum is considered desirable to accommodate increased safety fittings—and without inflicting any extra damage to roads.

## Three axes

To basis of the latter argument is that the vehicle trailer would have three axes, now two (the only visual difference) and that since the weight of a vehicle is transferred to the road through its axles, there would be no increase in loading on road surfaces.

In an attempt to illustrate the economic point, Motor Transport magazine last autumn sponsored Project Octave, an exercise whereby York built a trailer of the same dimensions as its existing Freightmaster frameless van using the latest suspension systems on three axles, to gross laden weight specification of 40 tonnes. Dispensations were obtained to carry out a series of tests on ordinary roads. The claimed results were that fuel efficiency was increased by 24 per cent as a result of a 23 per cent increase in gross weight providing a payload increase of one-third—greater than the forecast increase in road freight volume by 1990. At the same time, the project concluded, 75 vehicles running at 40 tonnes could carry the same

payload as 100 vehicles running at 32.5 tonnes.

The effect of the latter, the project concluded, would be an actual reduction in road damage, because of reduced overall mileage, of about 10 per cent.

Whether those arguments will wash with the Armitage Commission, and whether they might lead the Transport Secretary, Mr. Norman Fowler, to raise unilaterally British weight limits in advance of an overall EEC harmonisation agreement is open to doubt. Although the industry feels that Mrs. Thatcher's Government is rather more kindly disposed towards the economic arguments for raising weights than its predecessor, few in the industry are counting on it.

A raising of the gross unladen weight limit could allow many existing tractors and trailers to run at up to 36 tonnes without infringing the current axle weight limit of 10.17 tonnes.

But to go above 36 tonnes operators will need either to buy in new tri-axle trailers, which would provide a welcome boost for trailer builders, or have their fleets converted, not necessarily a simple process, as apart from adding a third axle, the existing ones might also have to be moved to achieve correct distribution of loadings.

The effect of what Mr. Keith Buckley, York's chief engineer, describes as "10 years of absolute indecision" is that some operators are holding off on investment decisions. "Ten years ago many of them were asking us 'what should we buy?' We still can't advise them. If an operator buys a trailer to suit what might be tomorrow's specification he is penalising himself with the weight of a 4-ton extra axle for today's rules."

York, like the other majors, has designs for a whole range of trailers to suit higher weights.

Crane Fruehauf, Europe's biggest trailer maker when both its UK and Continental manufacturing bases are taken into account, for the past 12 months has been working on a range of trailers suited to be built and marketed in both the UK and the rest of Europe as and when harmonisation comes

about. Work to date has concentrated on platform trailers but is being extended to cover virtually all types of semi-trailer.

But for as long as national regulations within the nine member EEC states continue to differ so widely, so the division of Europe into national trailer markets is likely to continue.

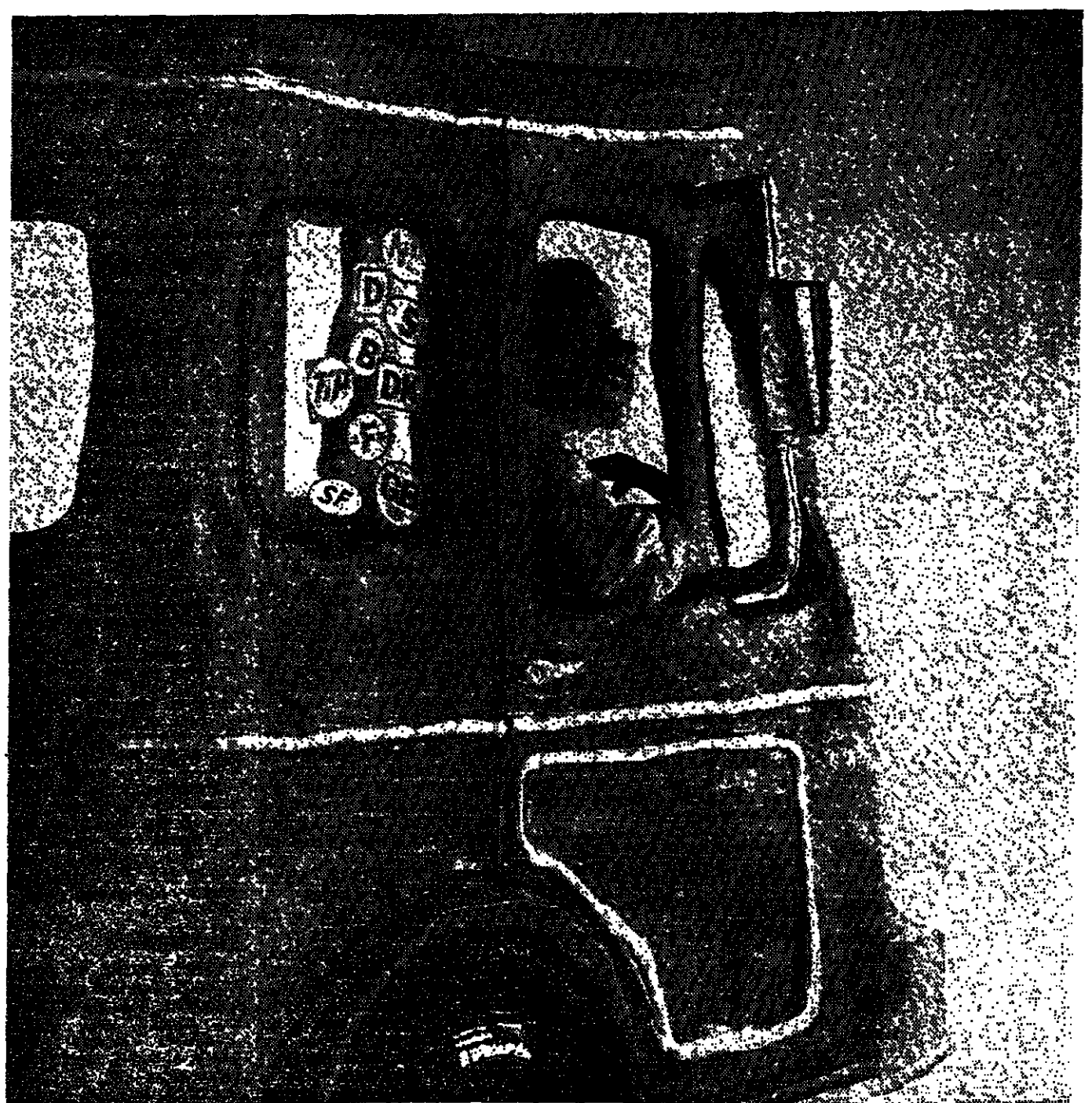
Holland has the highest gross laden weight, at 50 tonnes, while in the most crucial area, axle weights, France currently has a 19-tonne limit, which, however, it has already agreed to reduce; Italy in 1978 jumped to 12 tonnes, while other countries are running up to 11 tonnes.

## Exemption

Among the welter of proposals that has been considered in Brussels, the one most recently receiving attention has been for a 40-tonne gross limit with possible exemption for international traffic allowing up to 44 tonnes for carriage of fully loaded, 40-foot, 30.5-tonne containers. On these, a sixth axle would be required if, as currently seems most likely, an axle weight of 10.5 tonnes is eventually accepted as the European standard.

But the harmonisation problem is not confined to weights (it would still be open to member Governments to allow higher weights for national operations). There are no height restrictions on trailers in the UK, but one of 4 metres is prevalent on the Continent and looks like becoming mandatory under harmonisation regulations. Safety requirements differ. France is considering making sideguards mandatory to prevent cyclists, 2CVs etc. disappearing beneath trailers: there are conflicting regulations on rear under-bumpers and on load-securing systems; even for those "long vehicle" signs and their linguistic equivalents, and where they should be mounted. All add to the cost of tailoring trailer-makers' products to individual markets and account for the relative absence of pan-European sales.

John Griffiths



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## TRAILERS IV

Kenneth Gooding meets the men running some of the principal companies and finds out what they think of the industry's prospects.

# Comfortable profits despite the problems

## PROFILE: CRANE FRUEHAUF

### Recovered at last from traumas

CRANE FRUEHAUF, Britain's major trailer maker, seems at last to have recovered from the series of traumas which have shaken the company over the past few years. The problems date back to the mid-1970s and the bid from Fruehauf Corporation (of the U.S.), which previously owned only one third of CF. It resulted in a protracted and very bitter battle for control, which eventually the Americans won.

In the latter stages of the campaign, the CF board forecast that 1977 profits would be about £3m, and it paid a larger-than-usual dividend of £400,000, a procedure not uncommon during takeover battles.

After control changed hands, CF actually reported a loss of £303,000 instead of the £3m profits. This did not arise from any major changes in accounting policies. But CF at that time was made up of 37 registered companies of which about a dozen were operational and autonomous operations. Too many of the managers turned out to have been over-optimistic.

That was not the end of the financial story and only part of the reason that CF became somewhat strapped for cash.



Philip Croft: aspirations

The bid costs amounted to £400,000. It cost CF a further £406,000 to get out of a contract to build a factory in Iraq—construction had already started. That added up to a £1.2m loss.

CF's borrowings were stretched to the limit but Fruehauf guaranteed them, so the bank continued to give credit. The company was able to continue trading and reorganise.

For a while, CF was run by Mr. Fred Schwab, the American for whom the description "whiz kid" might have been especially coined and who is president of Fruehauf's total European operations. Fruehauf went through the process of "looking for a new manager director" for CF.

#### Profitable

During the period of the bid a number of CF senior managers left. However, one man who stayed on—Mr. Philip Croft—came through the takeover to become the new managing director.

Mr. Croft had for some years been managing director of the profitable trailer building operations within CF.

He joined CF nearly seven years ago. Originally, he trained as an engineer—both mechanical engineering and production engineering—and started his career with GKN's rolling mills operations in the north Midlands. Later, he moved to Lancer Boss, the lift truck concern, where he was in charge of production and then to British Oxygen's Murex and Quasare divisions.

Mr. Croft reckons that trailer manufacturing is "the most difficult bit of manufacturing industry I have been in, so far, because of the speed at which market conditions can change. To optimise profits you must be prepared to change your stance very frequently, in terms of

prices and market strategy." A tall, burly, extrovert character, completely the opposite of the allegedly "faceless men" whom the rest of the industry has suggested run CF, Mr. Croft took over as managing director in August 1978 and has since been busy reorganising the company structure.

He has welded various individual companies and operating units into a one-company structure, thus reducing overheads and streamlining lines of communication. CF's structure now consists of a manufacturing division, a financial division and four wholly-owned subsidiaries—covering rental, finance and the two Irish companies, formerly known as Dennison Trailers.

The strain on the CF managers in the hiatus after the bid can be judged from the fact that, for some time, Mr. Croft was manufacturing director and marketing director as well as managing director. But those two other posts have now been filled.

The financial results for 1978 covered only 10 months. There was a £607,000 loss. One of the factors was the Iranian crisis which caused CF to write-off its stocks in that country.

There were also strikes over pay at CF's Dereham, Norfolk, plant—five weeks—and at Oldham—two weeks following a work-to-rule—which Mr. Croft estimates cost £1m in lost business. "Without the strikes we would have recorded a small profit," he adds.

Despite 1979 being a difficult trading year, starting with the haulage dispute and ending with the engineering industry problems, CF made "a comfortable profit"—£1,289m on a turnover of £79m.

The result, says Mr. Croft, was "a shade short of my aspirations."

The CF operations are "now pulling together for perhaps the first time in its history."

Last year the head office of CF was transferred from Hayes to Dereham, a move which reduced central overheads and seemed "more appropriate to the group in its present form."

Continued pressure on stock control and cash collections enabled CF to reduce its borrowings by £5m.

The company now has 2,890 employees, compared with 3,291 at the time of the bid battle.

Last year, CF won what it claims was its biggest ever order for trailers when the Irish subsidiary was asked for 1,000 by B. and I. Ferries. The trailers were manufactured in various UK and Irish plants.

Partly as a result, CF improved its market share in unit terms last year to approaching 50 per cent.

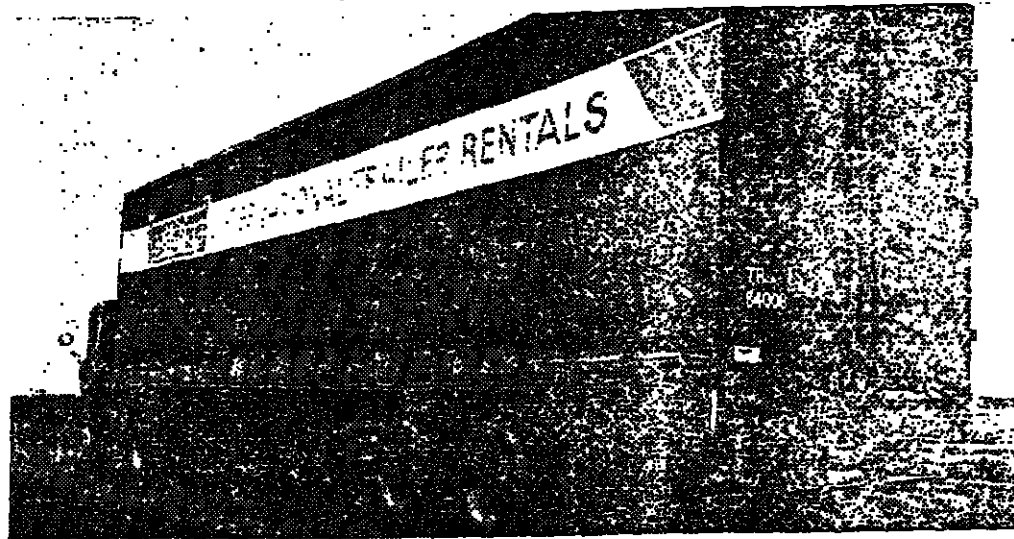
Mr. Croft is in no doubt that 1980 will be a difficult year for the industry. The impact of the steel strike has already been felt and CF has short-term working within the trailer division.

Nevertheless, I believe our group is now fundamentally stronger than ever before," he adds. "I am confident we can increase our competitiveness and make 1980 a secure and profitable year."

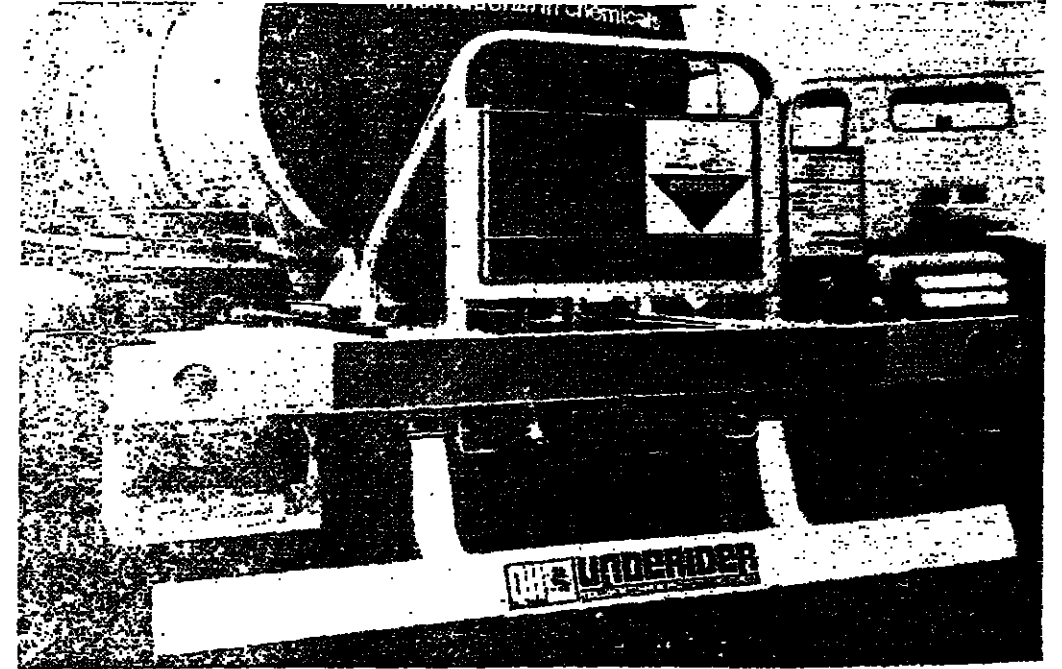
Mr. Croft predicts demand for trailers in the UK is likely to fall from 17,500 last year to perhaps 12,000 to 13,000 in 1980, as competition will certainly intensify.

As Mr. Croft points out: "A trailer is a price-sensitive product. The technology is not high enough to ask a lot more for a better product. Manufacturers will be under pressure this year."

"But CF will always avoid fighting just on price—we can use financial deals, trade-ins (our used trailer operations allow for part-exchange) and even rentals. What we must try to do, at a time when haulage companies will be suffering some liquidity problems, is create a package to suit the individual haulier's needs—but one he can afford to pay for."



Above: Trailerrent has expanded rapidly since it was formed in 1978. Right: This sprung underbody will prevent a car that crashes into the back of the trailer from running underneath, which also protects its load of corrosive chemicals. The springing can save lives by absorbing much of the impact



## PROFILE: CRAVEN TASKER

### Pleased with award

SOME PEOPLE turn up their noses at the Design Council awards for the motor industry. It takes a lot of energy to satisfy the judges—and an award is not easy to win. "But is the trouble worthwhile?" they ask.

Mr. Henry Booker, managing director of Craven Tasker, which collected its fourth Design Council award earlier this month, has no such doubt: "I regard the awards as well worthwhile. They are a good aid to exporting, too," he says.

The award-winning Taskold refrigerated semi-trailer from Craven Tasker's Sheffield factory has certainly helped put further cement on the company's relationship with the Danish Bacon Company. Orders for the Taskold mean that DBC has so far asked for more than 1,200 refrigerated trailers from Craven Tasker—probably the biggest sequence of orders the industry has ever seen.

The Design Council award provided some light relief for Mr. Booker in a year which has been fraught in that the industry has had to cope with the impact of three external disputes.

"It has created a high degree of tension for executives this year as we struggled to deal with all these abnormal troubles," he says. For example, the engineering workers' dispute hit three of the six Craven Tasker factories. "We had to put in tremendous efforts just to keep things running."

Mr. Booker stresses, however, that Craven Tasker "had a good year in spite of everything."

The company has played its part in the restructuring of the UK trailer manufacturing

industry. It was formed from a combination of Cravens, Homalloy and Taskers. More recently it acquired, in a complicated deal, the UK trailer-making operations of Boalloy, which makes the Tautliner and Linkliner products and claims European leadership in the design and manufacture of side-access vehicle bodies.

Boalloy brought with it two of the Design Council awards which Craven Tasker now counts among its total.

#### Third force

The previous owners of Boalloy retained some parts of the UK business and all rights to Boalloy-designed trailers outside the UK. As a result of the mergers, Craven Tasker has emerged as a "third force" in the UK industry.

It is a subsidiary of the John Brown group, so financial statistics are not easily come by. But Mr. Booker says turnover last year was around £50m in the trailer manufacturing and commercial vehicle bodybuilding operations. (Competitors' figures cannot directly be compared with this because they often include a large element for income from component manufacturing, service and finance operations.)

Craven Tasker's six factories are at Woodville, near Burton-on-Trent, where the headquarters is alongside manufacturing facilities; Andover, Congleton, Garstang (near Preston), Sheffield and Cumbernauld.

"Our policy is not to have too many employees in one place. In any case, you need a great deal of room inside a factory for trailer fabrication

and outside for storage." Craven Tasker has a high degree of specialisation at each factory.

All the factories are—or shortly will be—freehold. Mr. Booker says with obvious satisfaction: "Plenty of acres, all freehold."

He claims that the Cumbernauld factory has the highest trailer output in Scotland. "Our experience in Scotland is so good we are expanding there." But that does not necessarily mean the existing plant will be expanded.

Mr. Booker is a large, affable man, a "character" in an industry not short of ebullient personalities. He insists that Craven Tasker improved its market share last year—in value terms at least. The company has for the past four or five years been concentrating on trailers with more added value. So, although total unit sales in 1979 were about the same as in the previous year, the value went up and within the unit total sales of heavy trailers improved 20 per cent.

Craven Tasker now manufactures the biggest—in carrying capacity—low loaders in the UK: trailers which can carry very heavy fabrications, up to about 1,200 tons, on which all the wheels steer and on which the suspension can be lifted, by hydraulics, by up to 2 ft.

The company, in its design efforts, is concentrating heavily on safety aspects. Mr. Booker suggests that harmonisation of vehicle standards throughout the EEC could well take account of such safety aspects as under-run bumpers, load retention, and side guards to stop cyclists and pedestrians falling under



Henry Booker: tensions

trailers.

He also insists it is the trailer manufacturers' responsibility to combat the menace of road spray—"the unacceptable face of the juggernaut."

And he is worried by the suggestion, currently gaining ground, that road tax payments should be related to axle weights. "That could distort trailer design at the cost of safety."

A great supporter of EEC harmonisation—"it will stimulate international traffic"—he does not expect any major legislation, or harmonisation, for at least three years. And he warns: "Sales will be depressed as harmonisation approaches. Only after it is implemented will we see a boom."

Mr. Booker maintains that the industry needs better forecasting methods and for this reason should keep in closer liaison with the truck manufacturers, using the Society of Motor Manufacturers and Traders as the forum. He points out that trailer manufacturers' profitability suffers badly when they are not able to plan production well ahead.

## PROFILE: TRAILOR

### Selling well from France

THERE ARE two major trailer makers in the Western world, both based in the U.S. They are the Fruehauf Corporation and Pullman—Trailmobile, which operates using the Trailmobile name in North and South America and as Trailor in Europe. In 1979, Pullman's worldwide trailer output was about 34,500 and Fruehauf's \$2,300, according to one unofficial estimate.

The two companies have taken different approaches to the European markets. Fruehauf operates via completely autonomous—but wholly-owned—subsidiaries in each country. Pullman, in contrast, acquired Trailor in France and tries to present a "European" image. It is 68 per cent owned by Pullman with the rest of the shares quoted on the Paris Bourse.

Trailor has succeeded in selling significant quantities of trailers from France into other countries, an achievement in an industry where there is little cross-frontier trading. There are Trailor marketing companies in Germany, Holland and Belgium selling trailers produced in France.

#### Foothold

But Trailor does recognise that if it is to continue to expand in Europe, where it has a market share of about 9.5 per cent compared with Fruehauf's 20 per cent, it will have to operate within more markets.

The UK was an obvious place to go, given that it is Europe's second-largest market for trailers, after France. In 1974 Trailor gained a foothold by buying the heavy trailer building division of Peak Trailers.

This did not work out. After a couple of years or so, Trailor recruited Mr. Jeff Harrison as managing director of its UK subsidiary. He left the Peak assembly facilities and moved to Blackwell in Derbyshire, setting up some assembly facilities alongside but separate from the sales headquarters.

Mr. Harrison, also in 1976, stopped making Peak trailers with Trailor badges on them. Instead, he began importing semi-knocked-down trailers from the French parent company.

And, instead of acting like a big company and trying to cover the total market, Mr. Harrison has so far developed Trailor (UK) as a specialist supplier. "Specialisation is the key to success. You must build on your strengths," he says.

One of Trailor's main strengths in France is its position as a maker of "Savoyard" trailers, better-known in the UK as TIR international trailers. Trailor makes more Savoyards in a year than the whole of the UK trailer industry.

Mr. Harrison has been concentrating on selling this type of trailer to his UK customers. So far, Trailor (UK) has not been active in tipper, van or tanker even though the French parent is relatively strong in these areas. "We have not yet completed the necessary marketing groundwork here to launch our effort right across the board," Mr. Harrison says.

He has concentrated on winning orders for TIR trailers from hauliers on the Dover-to-France run where trailers go driver-accompanied. So far, he has not found a way to create much of a dent in the market for trailers used on the North

Sea run to Scandinavia where the trailers mainly go unaccompanied. This is a very price-conscious part of the market.

Last year, however, Trailor (UK) sold about 650 trailers which about 500 were imported in the UK for a British turnover of about £2m. This compares with the 1978 turnover of Trailor, the parent, FFR 650 (£69.6m). This figure includes the turnover from Trailor's container manufacturing business.

But Trailor (UK) does not have a substantial voice in the European operations. Harrison's brief covers Scandinavian countries and the rental companies in France. As for technical input, the concern played a major part in Trailor's development of a frameless van.

In a few months' time, Trailor (UK) will be offering a refrigerated van. This will be brought



Jeff Harrison: strength

from France built-up—an expensive process. But it should be worthwhile. Given the importance of the vehicle, it is a big investment.

Mr. Harrison dismisses the idea that the strength of the pound helps his sales efforts. The value of sterling is not all that high, if you take a longer term view, he insists. However, the high rate of UK inflation has been a help in the past.

Trailor (UK) has been able to restrict its price increases to two a year because inflation in France was so much lower.

Mr. Harrison joined Trailor (UK) shortly after leaving York Trailer. At York, he was recruited by Mr. Fred Davies, the founder and chairman. He worked closely with Mr. Davies until 1976 when he began to reconsider his future prospects. Mr. Harrison decided to resign and was quickly "headhunted" by Trailor.

He says that Trailor (UK) is reaching a position where it should be manufacturing in Britain—something which has always been his aim. But much depends on activity at Trailor's factory at Colignieres, Eastern France. This was set up to supply all Europe and until it runs out of capacity the company will not be expanding elsewhere.

Something over which he has no control—although obviously he would have a voice in the decision—would be expansion by acquisition in the UK. That could lead to a rapid development in the market.

If the UK industry suffers during the expected downturn in demand this year and next, it might be the right time for Trailor to make overtures to one of its British rivals.

## PROFILE: YORK TRAILER

### Cheerful order books

IT IS frequently said that York Trailer provides a "window" on the UK trailer industry because it is the only company with a separate Stock Exchange quote and has to provide the detailed information public companies are required to give.

If this is so, then the signs are that the industry made a poor start to 1978, but has recovered to some extent as the year progressed. For, in the first quarter of 1979, York Trailer recorded its first-ever loss. During the hauliers' dispute secondary picketing closed the Northallerton trailer factory in North Yorkshire for three days and that made a significant impact on the results.

But, according to Mr. Jim Davies, York's director for special projects, trade through the summer was buoyant and the problems in the second and third quarters were of meeting demand. Demand tapered off during December but the company entered 1980 with "better-than-average" order books.

In 1978, the last full year for which there are figures, York made a pre-tax profit of £1.15m on a turnover of £32.2m. According to the chairman, Mr. Fred Davies, the engineering dispute took all the growth out of the third quarter of 1978—"and with it our expectations for a reasonably good year."

The only York plant directly affected by the engineering dispute was the Scammell Trailers factory at Hovingham, Nottinghamshire. That certainly played some part in the decision to close the factory and move the manufacture of Scammell trailers to other York facilities. Scammell has been relocated at Earlsfield, near Corby.

Scammell was acquired from British Leyland in 1977. The idea was that it would give York a second string to its bow on the distribution front.

For many years, York has had its own distribution network in the UK. Scammell operates

through independent distributors. The acquisition gave York access to both types of outlet—and with similar trailers because the new Scammell Fleetline van bears a remarkable resemblance to the York Freightmaster.

York has also had difficulties with another acquisition. Anthony Carriamore, bought in 1977. This company offered a new product area—tipping gear—although it also has bodybuilding operations.

Mr. Jim Davies says that with Carriamore the root of the trouble goes back to 1978 when the West African markets were suddenly and unceremoniously closed to imports. Carriamore had been exporting 90 per cent of its products, mainly to that part of the world. It was left with an empty order book.

According to Mr. Davies, Carriamore has now clawed its way to a 35 per cent share of the UK market for tipping gear and "the problems are largely behind us." But achieving this market penetration was not without cost.

#### Distribution

York's interest in spreading its operations into tipping gear underlines once again that it is the world's most vertically-integrated trailer making group. It makes many of its own components and, at the other end of the business, has its own distribution outlets.

About £11m of its turnover is accounted for by component manufacturing and sales. It makes suspensions, axles, landing gear, couplers as well as tipping gears. About half the axles it manufactures are exported or used by other trailer-makers. Its products are also made under licence in Korea, Portugal, Finland, Brazil, India and Japan.

The component business is very profitable, too. It was to provide a manufacturing base for its axles and suspensions in the U.S. that early last year York bought the Anthony Com-

pany of Streator, Illinois, now called Anthony York. The huge slump in truck and trailer sales in the U.S. has given Anthony York a rough first year—but it should make a profit in 1980. The components to be made in the U.S. might even be supplied to the British market or other export markets.

York's venture outside the UK—in Holland where it has a brand new assembly plant at Dordrecht and is now beginning to make progress as the company's base for a launch into Continental Europe.

The Dutch factory is making glass fibre reinforced plastic (GRP) vans, marketing Carriamore vans and bodies and is sending significant quantities to the Dutch Railways, a contract formerly fulfilled by export from the UK. The French market is also being supplied to a certain extent from Holland. In France, York is linked with the Renault distribution network, one of the best in the country.

York was founded in 1955 by Mr. Fred Davies, now 72. He is supposed to be in semi-retirement and spends only six months a year in the UK. But those who know him say that he would make more impact on a company in six months than lesser mortals in a full year.

However, the signs are that he is taking York through a period of consolidation. By all accounts, Mr. Davies does not talk so much about expansion these days on the UK front.

He was born near London and went to Canada when he was 20. He sold trailers for Fruehauf in Latin America before moving back to Canada as president of Trailmobile, the biggest trailer maker in that country.

Mr. Davies founded York using that experience. He retains control of York through York Transport Equipment of Ontario which has a 75 per cent shareholding in the UK busi-



Jim Davies: impact

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(and answers)  
for whoever is accountable**

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## How do you know a reliable trailer?

As Britain's biggest trailer manufacturers we have built up our impressive share of the market on our unassailable reputation for the ruggedness and reliability of our entire product range. Our sheer size gives us the capacity to plough a lot of effort back into research and development, quality and production control, to make sure our satisfied customers stay satisfied. Our sales volume supports a comprehensive range of back-up services right where you need them: through a national network of centres.

## How can you know if they'll stand the test of time?

The only way to be sure a trailer will stand rough roads and extreme conditions of service, year after year, is to "get in and find out". So in addition to the sophisticated strain gauge analysis methods we employ in the UK, our Parent Company has the very last word in computer-linked road simulation equipment to test our trailers to extremes. It all adds up to a product range which we can safely say will stand the test of time.



## What price EEC Harmonisation?

Our positive attitude to European Harmonisation is that it presents us with a first-class opportunity to utilise to the full our European design, engineering and manufacturing capacity, then pass on to our customers the benefits of scale and of a through-Europe parts and servicing capability. Which is why, with all our experience of customers' needs in the markets we serve, we are already meeting regularly with our European affiliates — from France, Germany, Holland, Sweden and Spain — looking to turn a Euro-problem into a Euro-plus. We alone, of all trailer manufacturers in the UK, have the existing European structure to look after our customer's interests in this way.

## Do you get the finance you need?

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## Do you get the back-up you need?

The Crane Fruehauf range of back-up services provides you with the full facilities of trailer rental and contract hire from Rentco Nationwide, the pick of approved parts for most makes of trailers through **LEADERPARTS**, and a used trailer sales facility, all of which, like our service centres with full modification and repair facilities, are right where they are needed. Crane Fruehauf gives you comprehensive nationwide coverage so that whatever you need you'll always know where to turn.

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Telex: 72253

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Tel: 0362 3331  
Telex: 97251

5-10/10/86



## Companies and Markets

## WORLD STOCK MARKETS

## Dow index fall of 9.3 at noon

## NEW YORK

Stock	Mar. 19	Mar. 18
AMP Industries	24 1/2	24 1/2
AM Int'l	13 1/2	13 1/2
AM Int'l	13 1/2	13 1/2
AM Int'l	13 1/2	13 1/2
AM Int'l	13 1/2	13 1/2
AM Int'l	13 1/2	13 1/2
AM Int'l	13 1/2	13 1/2
AM Int'l	13 1/2	13 1/2
AM Int'l	13 1/2	13 1/2
AM Int'l	13 1/2	13 1/2

## Stock

Stock	Mar. 19	Mar. 18
Columbia Gas	40 1/2	40 1/2
Columbia Gas	40 1/2	40 1/2
Columbia Gas	40 1/2	40 1/2
Columbia Gas	40 1/2	40 1/2
Columbia Gas	40 1/2	40 1/2
Columbia Gas	40 1/2	40 1/2
Columbia Gas	40 1/2	40 1/2
Columbia Gas	40 1/2	40 1/2
Columbia Gas	40 1/2	40 1/2
Columbia Gas	40 1/2	40 1/2

## Stock

Stock	Mar. 19	Mar. 18
Q. Atl. Pac. Tea	5 1/2	5 1/2
Q. Atl. Pac. Tea	5 1/2	5 1/2
Q. Atl. Pac. Tea	5 1/2	5 1/2
Q. Atl. Pac. Tea	5 1/2	5 1/2
Q. Atl. Pac. Tea	5 1/2	5 1/2
Q. Atl. Pac. Tea	5 1/2	5 1/2
Q. Atl. Pac. Tea	5 1/2	5 1/2
Q. Atl. Pac. Tea	5 1/2	5 1/2
Q. Atl. Pac. Tea	5 1/2	5 1/2
Q. Atl. Pac. Tea	5 1/2	5 1/2

## Stock

Stock	Mar. 19	Mar. 18
Mesa Petroleum	57 1/2	57 1/2
Mesa Petroleum	57 1/2	57 1/2
Mesa Petroleum	57 1/2	57 1/2
Mesa Petroleum	57 1/2	57 1/2
Mesa Petroleum	57 1/2	57 1/2
Mesa Petroleum	57 1/2	57 1/2
Mesa Petroleum	57 1/2	57 1/2
Mesa Petroleum	57 1/2	57 1/2
Mesa Petroleum	57 1/2	57 1/2
Mesa Petroleum	57 1/2	57 1/2

## Stock

Stock	Mar. 19	Mar. 18
Schlitz Brew.	105 1/2	105 1/2
Schlitz Brew.	105 1/2	105 1/2
Schlitz Brew.	105 1/2	105 1/2
Schlitz Brew.	105 1/2	105 1/2
Schlitz Brew.	105 1/2	105 1/2
Schlitz Brew.	105 1/2	105 1/2
Schlitz Brew.	105 1/2	105 1/2
Schlitz Brew.	105 1/2	105 1/2
Schlitz Brew.	105 1/2	105 1/2
Schlitz Brew.	105 1/2	105 1/2

THE RECENT rally on Wall Street proved short-lived, with stocks mainly returning to a downward course yesterday morning in moderate trading.

The Dow Jones Industrial Average fell 9.30 to 781.4 at noon, while the NYSE All Common Index receded 47 cents to 558.94 and declines outpaced gains by a two-to-one margin. Trading volume decreased to 15.16m shares from Wednesday's 20.56m.

Analysts said fears of a severe recession and continuing high interest rates as a result of new Government anti-inflation policies remained the major negative factors.

Federal Reserve chairman Volcker told the House-Senate Economic Committee that the Fed will continue to restrain growth of money and credit even with planned Federal Budget cuts.

The Treasury announced plans for \$260m of financing, sending Bond prices sharply lower and interest rates higher.

Volume leader Benguet, which rose 1 1/2 to 59 1/2, ASA shed 1 1/2 to 54 1/2, Homebase 1 1/2 to 54 1/2, and Hecia 2 1/2 to 50 1/2. Silver Bullion prices rose but Gold lost ground.

The Oil group also declined. Mobil retreated 1 1/2 to 57 1/2, Exxon to 58 1/2, and Superior Oil 1 1/2 to 53 1/2. Phillips Petroleum has trimmed reserve against its Oklahoma field in the Norwegian North Sea. Phillips shed 2 1/2 to 54 1/2.

Federal Express fell 1 1/2 to 55 1/2 despite higher fiscal third-quarter net profits.

Alcoa, active in the steel shed 1 1/2 to 55 1/2, Du Pont 1 1/2 to 54 1/2, General Electric to 54 1/2, Owens-Illinois to 54 1/2, and Walt Disney to 54 1/2. McDonald's to 53 1/2, and Avon Products to 53 1/2.

THE AMERICAN SE Market Value Index was down 1.23 at closing.

America was not available for this edition.

Several leading shares improved late in the session, but the overall pattern was mixed with few major changes in Central

Canada

Belgium (continued)

Holland

Australia

Japan (continued)

Denmark

France

Italy

Norway

Sweden

Germany

Austria

Belgium/Luxembourg

Switzerland

South Africa

Spain

Switzerland

WORLD

## NEW YORK

Stock	Mar. 19	Mar. 18
Alcoa	59 1/2	59 1/2
Alcoa	59 1/2	59 1/2
Alcoa	59 1/2	59 1/2
Alcoa	59 1/2	59 1/2
Alcoa	59 1/2	59 1/2
Alcoa	59 1/2	59 1/2
Alcoa	59 1/2	59 1/2
Alcoa	59 1/2	59 1/2
Alcoa	59 1/2	59 1/2
Alcoa	59 1/2	59 1/2

## Stock

Stock	Mar. 19	Mar. 18
Cooper Ind.	65 1/2	65 1/2
Cooper Ind.	65 1/2	65 1/2
Cooper Ind.	65 1/2	65 1/2
Cooper Ind.	65 1/2	65 1/2
Cooper Ind.	65 1/2	65 1/2
Cooper Ind.	65 1/2	65 1/2
Cooper Ind.	65 1/2	65 1/2
Cooper Ind.	65 1/2	65 1/2
Cooper Ind.	65 1/2	65 1/2
Cooper Ind.	65 1/2	65 1/2

## Stock

Stock	Mar. 19	Mar. 18
Hobart Corp.	14 1/2	14 1/2
Hobart Corp.	14 1/2	14 1/2
Hobart Corp.	14 1/2	14 1/2
Hobart Corp.	14 1/2	14 1/2
Hobart Corp.	14 1/2	14 1/2
Hobart Corp.	14 1/2	14 1/2
Hobart Corp.	14 1/2	14 1/2
Hobart Corp.	14 1/2	14 1/2
Hobart Corp.	14 1/2	14 1/2
Hobart Corp.	14 1/2	14 1/2

## Stock

Stock	Mar. 19	Mar. 18
Standard Oil	10 1/2	10 1/2
Standard Oil	10 1/2	10 1/2
Standard Oil	10 1/2	10 1/2
Standard Oil	10 1/2	10 1/2
Standard Oil	10 1/2	10 1/2
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Standard Oil	10 1/2	10 1/2
Standard Oil	10 1/2	10 1/2

## Stock

Stock	Mar. 19	Mar. 18
Standard Oil	10 1/2	10 1/2
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Standard Oil	10 1/2	10 1/2
Standard Oil	10 1/2	10 1/2
Standard Oil	10 1/2	10 1/2
Standard Oil	10 1/2	10 1/2

## NEW YORK

Stock	Mar. 19	Mar. 18
Armstrong	15 1/2	15 1/2
Armstrong	15 1/2	15 1/2
Armstrong	15 1/2	15 1/2
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## Stock

Stock	Mar. 19	Mar. 18
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## Stock

Stock	Mar. 19	Mar. 18
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## Stock

Stock	Mar. 19	Mar. 18
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## Stock

Stock	Mar. 19	Mar. 18
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## NEW YORK

Stock	Mar. 19	Mar. 18
Armstrong	15 1/2	15 1/2
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## Stock

Stock	Mar. 19	Mar. 18
Armstrong	15 1/2	15 1/2
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## Stock

Stock	Mar. 19	Mar. 18
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## Stock

Stock	Mar. 19	Mar. 18
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## NEW YORK

Stock	Mar. 19	Mar. 18
Armstrong	15 1/2	15 1/2
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Armstrong	15 1/2	15 1/2

## Stock



## Fat sheep price raised

By Our Commodities Staff

THE AVERAGE guaranteed price for fat sheep has been raised by nearly 11 per cent for the coming season.

Mr. Peter Walker, the Minister of Agriculture, announced in the House of Commons yesterday that the price had been lifted to 155p a kilo for 1980.

The guaranteed price for the coming season has been raised to 155p a kilo for 1980.

The sheep guarantee has been converted, as usual, into a scale of weekly standard prices varying with anticipated supplies over the season.

When the new scale comes into force on March 31, the standard price will be 157.9p a kilo. If market prices stay at their present levels this will mean a Government payment to sheep producers of nearly 10p a kilo.

Mr. Richard Butler, president of the National Farmers' Union, said he was disappointed at the increase which he said would not provide a basis for the expansion of production the Government has called for.

## Australian wool strike settlement

AGREEMENT has been reached on a basis for settlement of the 11-week-old pay dispute which had halted exports of Australian wool.

The Australian Council of Trade Unions (ACTU) president, Bob Hawke, said.

Storeman and Packers Union, federal secretary Simon Crean said the union believed the settlement provided the basis for an immediate return to work.

He said the union would recommend that those strikers who could report for work today, should do so.

The settlement involves immediate payments to wool storemen of A\$2.75 to A\$4.25 a week, he said, after a conference before Justice Williams of the Arbitration Commission.

Meanwhile, Australian Primary Industry Minister Peter Nixon said in Canberra he approved arrangements enabling advance payments to be made from the Market Support Fund to wool growers affected by the storemen's dispute.

Mr. Nixon told Parliament in reply to a question that the payments will be provided where the sale of wool has been delayed by the dispute or where wool has been sold but growers have not been paid.

Mr. Nixon also said he is seeking ways to alleviate the financial position of some growers who have been unable to deliver it onwards and obtain payment.

In Sydney, greasy wool futures closed up 10 cents a kilo, after a strike by wool industry storemen and packers was near settlement.

Some brokers also reported heavy speculative buying in anticipation of higher prices when wool sales resume.

Reuter

## Cocoa summit advanced

THE summit meeting of cocoa producing countries has been brought forward by a week to March 23/24. No explanation has been given as to why the talks have been brought forward, but they will now be held before the special meeting of the International Cocoa Council on Wednesday and Thursday next week which will consider the future of the International Cocoa Agreement due to expire on March 31.

It is now hoped that the producers might come forward with a new initiative to break the impasse that caused last week's abortive negotiating a new cocoa pact to end in deadlock.

The summit talks are to be held at Yamoussoukro in the Ivory Coast. The presidents of Ghana, Nigeria, Togo and Senegal have already agreed to attend, according to officials of the Ivory Coast Caisse de Stabilisation, reports Reuter.

## FARMING CONFERENCE

# No bonanza after all

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. PETER WALKER, Minister of Agriculture, is fast discovering that the British farmer, however much is done for him, is never satisfied, and like Oliver Twist, perpetually asks for more.

He is said to be especially annoyed that, after a year of devaluing the Green Pound, the NFU is asking for a price rise of at least that demanded by COPA, the European Farmers' Union, plus a further 10 per cent in the Green Pound to raise UK prices still further.

No wonder he retaliates with increasing petulance that British farmers should export more, and market better. Phrases easy to form but difficult to execute, and unlikely, would seem, to put any more money into the industry's pockets. And money is what farmers are worrying about now.

The plain fact is that there is no more money in the Common Market for the farmer. And that is the sad reality for all the main commodities of agriculture. And this was made abundantly clear at a conference organised by the Royal Agricultural Society and the NFU at the National Agricultural Centre last week.

The scene was set by Graham Meadows, policy adviser to Finn Gundelach, the EEC Agricultural Commissioner. He laid down in stark terms the fact that British farmers had enjoyed substantial price increases since 1975, partly through Green Pound devaluations.

And prices in the main were now in line with those in the rest of Europe.

In future, therefore, returns would rise in line with those in the Community as a whole, and as the Commission regarded a 21 per cent increase as a maximum, there would be little chance for them to get any more from that source. Particularly as Mr. Walker was holding out for no increase in those commodities in surplus—milk, sugar and cereals.

Only a minority of farmers have realised the truth of Mr. Meadows' assertions. For years they had been encouraged to invest and expand in anticipation of full EEC membership, only to find that the cupboard was bare and that it is little use asking the British Government for help. Although at the NFU Annual General Meeting many resolutions were doing just that.

Well if it won't come from Brussels, what about markets? Here there was little joy for anyone. Mr. Freddie Rees of Ranks forecast that if cereal production went on increasing at the present rate, there would be a surplus of feed barley and wheat of about 3m tonnes by 1985.

Because world grain production is rising in the same proportion, possibilities of exports, even subsidised exports, would be most difficult.

Already in spite of importing some maize and hard wheat, the EEC as a whole was last year a net exporter of grain. The only threat to dairy herds because of the Continental sterilisation method (ultra heat treatment) does not guarantee the elimination of foot and mouth germs. If the Commission does not accept this argument, Britain is likely to be hauled before the Court.

The decline in liquid milk sales in England and Wales continues last month according to figures published yesterday by the Milk Marketing Board.

Sales for liquid consumption totalled 514.4m litres compared with 506.6m in February, 1979. But when allowance is made for the fact that February was one day longer this year this represents a decline of nearly 2 per cent.

plus and thus kept comparatively cheap.

Mr. M. E. Bessey of the Milk Marketing Board was optimistic about the Board's chances of selling all the milk that farmers cared to produce, but was far from confident that producers would be getting the increasing prices they were asking for. These he said were governed by political and economic considerations.

This depressing scenario I believe to be correct. But it is applicable not only here but in Europe as well. Although British farmers are claiming a special case because of rising inflation, there is no doubt that costs in Europe are at least as high as they are here. Indeed for labour and machinery they are higher and farmers are just as unhappy.

The unfortunate fact is that encouraged by talk of high European prices, and the prospect of enjoying them, too many British farmers have been investing too heavily in land stock and machinery. In order to be able to reap the bonanza they indicated, they would be there for the taking. Only to find that the reality, as so often in these things, fell far short of the promise.

But farmers don't like to hear the nasty truth, and the bulk of the audience was made up of what could be called the agricultural supply industries who don't take such a rosy view of economic facts as farmers sometimes do.

## Estimate cut for Israeli citrus exports

ISRAEL'S ESTIMATES of citrus exports during the current 1979-80 season have been cut by 8 per cent following recent bad weather. With 70 per cent of the crop already packed or shipped, the Citrus Marketing Board now estimates total exports for the season at 46m cases, down from the original estimate of 49.8m cases.

The latter figure would have been equal to actual shipments during 1978-79.

## Small eggs dearer

SMALLER-SIZE egg prices are being raised because of a shortage of supplies, the Goldenlay marketing consortium announced yesterday. It is putting up the cost of grade six and seven eggs by 3p a dozen and grade five by 2p a dozen. These three grades account for only about 20 per cent of the total market.

A spokesman for the group said the increases only brought smaller size egg prices, which had previously been depressed, into line with the larger size eggs. Reduced chick rearing in the past few months had cut the number of younger hens, which lay the smaller eggs.

## Rethink on dock dues could save Hull port

BY RICHARD MOONEY

NEW HOPE for the survival of Hull as a fishing port emerged yesterday following what local fishermen described as a "climb down" by the National Dock Labour Board over dock charges.

The port's Fishing Vessel Owners' Association went into liquidation earlier this month because it had been forced to raise its dock charges to an uneconomic £51 a tonne to cover the £120,000 a month rent it pays to the Docks Board. But this was based on expected landings from local vessels only, and it now appears that Icelandic vessels might after all be interested in using the port.

An Icelandic boat applied to land at the port yesterday but the Board quoted it the standard charge of £51 a tonne, which it declined. This angered dock workers who would have unloaded the fish. They argued that the Icelandic landing would have been a bonus and that if sufficient such vessels could be attracted, the whole economic position, and therefore the required average charge, would be altered.

The Board was persuaded to offer a discount to foreign vessels in the hope that the extra landings could keep the port alive. It has now decided to offer a special rate to foreign boats only 20 per cent higher than last year's.

Hull fishermen calculate that this would mean £15.17 a tonne, a rate comparable with that charged at Grimsby, Hull's main competitor.

A statement issued by the Docks Board said it had been "grossly misrepresented" over its position on the future of Hull. It said the £51 charge had been calculated by the Vessel Owners' Association.

New landings estimates by the Association had enabled a new scale of tariffs to be drawn up, it said. "The rate equivalent to the much-publicised £51 is £22.50 per tonne. Rebated charges are being specified for foreign trawlers which will pay just under 20 per cent more than last year," the statement added.

The Docks Board did not cause the present crisis in the fishing industry, commented Mr. Ken Bantock, Port Director of Hull. "It is itself a victim of a situation which has arisen out of the lack of fishing opportunities for British trawlers."

## Rhodesia seeks good sales at tobacco auction

RHODESIA'S first open tobacco auction sales since the imposition of the sanctions in 1965 will start on April 8, after considerable uncertainty about the tobacco industry's future.

The 1980 tobacco crop is believed to be both large and of good quality. Tobacco growers will be able to sell without the so-called "sanctions discount" for the first time in 15 years, and in addition they will have preferential access to markets in the EEC.

But there is to be considerable concern among buyers from the main European countries concerning the continuity of supplies. It is feared in Salisbury that concern that white farmers will emigrate is causing anxiety among buyers over the ability of the industry to provide continuity of supply in the years ahead. A spokesman for the industry said yesterday "we are frankly disappointed at the indications we have had of the level of probable purchases by Britain."

He warned that there were signs that UK buyers would not buy anything like enough tobacco to provide the highly competitive market conditions which growers had hoped would develop.

## NFU seeks action on lamb ban

BY RICHARD MOONEY

THE UK National Farmers' Union will press for retaliatory action against France if no progress is made on forcing the French government to dismantle its restrictions on British lamb imports soon, Mr. Richard Butler, the NFU president, warned yesterday.

The European Court, which ruled that the restrictions were illegal six months ago, is expected to issue an interim injunction against France next week, but it remains to be seen whether this will persuade the French to relent.

Mr. Butler said some NFU members had been demanding that the union should press for retaliatory action against

French imports, such as apples, cheese and eggs.

Meanwhile, the EEC Commission has taken an action which could lead to Britain itself appearing before the Court.

Mr. Finn Gundelach, the EEC farm commissioner, has written to Mr. Peter Walker, the British Agriculture Minister, asking for an explanation, within 30 days, of the health restrictions which keep Continental milk out of the UK market.

Britain's high milk price is attractive to producers in Europe and France, Ireland and the Netherlands are all known to be anxious to gain access to the UK market.

The British claim the imports would pose a serious health

threat to dairy herds because of the Continental sterilisation method (ultra heat treatment) does not guarantee the elimination of foot and mouth germs. If the Commission does not accept this argument, Britain is likely to be hauled before the Court.

The decline in liquid milk sales in England and Wales continues last month according to figures published yesterday by the Milk Marketing Board.

Sales for liquid consumption totalled 514.4m litres compared with 506.6m in February, 1979. But when allowance is made for the fact that February was one day longer this year this represents a decline of nearly 2 per cent.

## Good response for Soviet softwood

THE SECOND offer of Soviet softwood which was circulated in the first week of this month, has met a good response from importers. It seems likely that Exporters, the Soviet selling organisation for forest products, will achieve sales of around 300,000 cubic metres, bringing their total for this year to just over 1m cubic metres, which they indicated was the upper limit of availability for this market.

Softwood supply and demand is well balanced in Europe and importers appear to have taken the view that the Russian wood was sufficiently attractive in spite of a 7 per cent price rise on the most popular grade since the first offer in January.

## BRITISH COMMODITY MARKETS

### BASE METALS

COPPER—Marginally firmer on the London Metal Exchange. Forward metal moved ahead to £1,030 on the market, buoyed by the strong performance of gold. The price edged further ahead to £1,035 in the afternoon before easing back to the mid-£1,030 on the market.

In the afternoon a lower-than-expected response on the Corners prompted renewed profit-taking and short selling in London and the three months fell almost to close the late bar at £1,033.5. Turnover 18,773 tonnes.

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### LEAD

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### ALUMINIUM

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### WHEAT

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### BARLEY

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### COCOA

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### COFFEE

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**AUTHORISED  
UNIT  
TRUSTS**

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# INSURANCE PROPERTY BONDS

Ashley Life Assurance Co. Ltd.				
1-35, Paul's Churchyard, EC4				
Equity Units	79.5	80.0	79.5	80.0
Property	12.0	12.0	12.0	12.0
Life Insur.	12.0	12.0	12.0	12.0
Accumulated	12.0	12.0	12.0	12.0
Conservat. Fund	12.0	12.0	12.0	12.0
Widow Pen.	12.0	12.0	12.0	12.0
Widow Pen. Acc.	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. A	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. B	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. C	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. D	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. E	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. F	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. G	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. H	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. I	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. J	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. K	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. L	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. M	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. N	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. O	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. P	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. Q	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. R	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. S	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. Z	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AA	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AB	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AC	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. AJ	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AK	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AL	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AM	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AN	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AO	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AP	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. AY	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AZ	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. BA	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. BB	12.0	12.0	12.0	12.0
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Albany Life Assurance Co. Ltd.				
101, Burlington St., W.1.				
Equity Units	213.0	225.0	213.0	225.0
Property	12.0	12.0	12.0	12.0
Life Insur.	12.0	12.0	12.0	12.0
Accumulated	12.0	12.0	12.0	12.0
Conservat. Fund	12.0	12.0	12.0	12.0
Widow Pen.	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. A	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. I	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. J	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. K	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. AZ	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. BA	12.0	12.0	12.0	12.0
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AMEL Life Assurance Ltd.				
101, Burlington St., W.1.				
Equity Units	213.0	225.0	213.0	225.0
Property	12.0	12.0	12.0	12.0
Life Insur.	12.0	12.0	12.0	12.0
Accumulated	12.0	12.0	12.0	12.0
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Ancestral Life Assurance Co. Ltd.				
252, Ranelagh Rd., E7				
Equity Units	12.0	12.0	12.0	12.0
Property	12.0	12.0	12.0	12.0
Life Insur.	12.0	12.0	12.0	12.0
Accumulated	12.0	12.0	12.0	12.0
Conservat. Fund	12.0	12.0	12.0	12.0
Widow Pen.	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. C	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. J	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. L	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. N	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. P	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. Q	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. T	12.0	12.0	12.0	12.0
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Widow Pen. Fd. Ser. Z	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AA	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AB	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AC	12.0	12.0	12.0	12.0
Widow Pen. Fd. Ser. AD	12.0	12.0	12.0	12.0

## OFFSHORE & OVERSEAS FUNDS

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Continued on previous page







**FINANCE, LAND—Continued**[illegible][illegible]

615	215	U.C. Invest. Rl.	525	+30	060c
735	255	Union Corp. 6.25c	615	+35	406c
			705		015c



## Steel pay offer may go to committee

By Christian Tyler, Labour Editor

STEEL UNIONS will today formally tell the British Steel Corporation that they reject its latest pay offer.

Talks at BSC headquarters in London are seen as the last attempt by the unions to negotiate a settlement greater than the 10 per cent offered nationally, plus at least 4 per cent in return for job losses negotiated at works level.

If the BSC merely repeats the offer, the unions may propose third-party intervention. They favour a committee of inquiry with an independent chairman and one assessor from each side of industry.

BSC could not look seriously at such suggestions, provided the terms of reference were confined to pay and did not extend to the corporation's plans to close plants.

The corporation appears convinced it could satisfy any third party that its offer—which it says could be worth up to 21 per cent in some areas—is all it could afford. It would almost certainly try to get the unions to accept formal and binding arbitration—an option the union side has not ruled out.

If today's talks go badly, the unions might threaten to withdraw safety cover, which could delay a re-start by weeks or months after the strike was called off.

But this appears to be a weapon of last resort that the unions are reluctant to use.

Union sources stressed that the negotiating team of 10, representing 13 unions, was going into the talks with a broader remit from the membership than at any time in the dispute, now in its 12th week.

BSC executives have said they will go ahead with their own ballot of the 132,000 strikers if the unions reject the offer, refuse arbitration and refuse to conduct their own poll. The unions would do everything possible to discredit such a ballot, and would want the BSC that all co-operation—including any on productivity—would be withdrawn.

Robin Reeves, Welsh Correspondent, writes: The Wales TUC yesterday gave a cautious welcome to a letter from Sir Keith Joseph, the Industry Secretary, about the proposed rapid rundown of the Welsh steel industry.

The letter appeared to indicate a significant change of heart in the Government's thinking about the problems the rundown would create for the whole Welsh economy, the TUC said.

In it Sir Keith notes that the March 31 deadline for agreeing the redundancies programme had been dropped. More significantly, he emphasises that the Government is investigating ways individuals and communities affected by the BSC's planned retrenchment could be assisted through the EEC.

Sir Keith also stresses that the extent to which other steel industries are being subsidised, notably through cheap supplies of coking coal, is being investigated through the National Economic Development Office.

"We will also lose no opportunity of pursuing the EEC Commission's view of what Community means might be available to give UK coking coal a rather more stable competitive position," Sir Keith says.

But the letter reveals that the Department of Industry takes an even more gloomy view of the BSC's market prospects in the months ahead than the corporation itself. "Our own estimates of UK demand do not disagree with BSC's. They are, if anything, slightly more pessimistic," Sir Keith says.

More strike news Page 6

## British Shipbuilders chief removed

By JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT has decided to remove Mr. Michael Casey from the job of chief executive of British Shipbuilders when his contract runs out in May. This means that candidates have to be found for both Mr. Casey's job and for the chairmanship of the state-owned corporation during the next two or three months.

It is thought that there are now two or three possible candidates for the chairman's post, which carries a £44,000 a year salary.

Earlier this week the Government announced that the present chairman, Admiral Sir Anthony Griffin, 60, is to stay on for an extra three months before retiring. This has made it possible for Mr. Casey's departure to be settled immediately.

Mr. Casey, who is 51, is a former Industry Department civil servant who was seconded to British Shipbuilders in 1977 after the corporation's chief executive designate, Mr. Graham Day, resigned during the long Parliamentary row over the industry's nationalisation.

Mr. Casey let it be known late last year that he would have liked to serve for another term. He was told he could not early last week by Mr. Adam Butler, Minister of State for Shipbuilding. He has since seen Sir Peter Carey, the Industry Department's Permanent Secretary, to discuss a return to Whitehall in May, possibly in his previous rank of an under secretary.

His departure in May was announced by British Shipbuilders yesterday which also issued a statement from Mr. Butler. This praised Mr. Casey's contribution in building a management team his resourcefulness and success in winning new business and his work on improving industrial relations.

The decision not to reappoint him has been taken in Whitehall after a lot of heart-searching. His successes have been recognised. However, he has a flamboyant personal style which has made many critics and enemies in an industry noted for its internal dissension.

Although no official reason

was given for Mr. Butler's decision, it is understood that the Government believes a man with more direct practical experience of business and industrial affairs should now be appointed to develop the business from the organisational base built by Mr. Casey, and especially to improve productivity and cut costs.

If, as seems likely, the Government decides to appoint a chief executive on a salary of about £30,000—from within the industry, Mr. John Parker, the corporation's production director, would be one likely candidate. Others would be Mr. Derek Kimber, who runs Austin and Pickersgill, Mr. John Steel, of Swan Hunter, or Mr. Bill Richardson of Vickers.

The departure of two other key figures in the industry has also been announced recently. Mr. Archie Gilchrist was dismissed from the chairmanship of the Govan yards in Glasgow last December, and Mr. Ross Beilch is to give up his job as chief executive of Scott Lithgow on the lower Clyde at the end of this year.

France overtakes Britain, Page 6

## Germans in Saudi oil deal

By KEVIN DONE IN FRANKFURT

WEST GERMANY has secured two major long-term crude oil supply contracts from Saudi Arabia. They will guarantee the direct supply of 8.5m tonnes a year (186,000 barrels a day) of crude.

The deals are worth about \$1.57bn (£715m) a year at current prices.

In a notable international oil industry coup, a group of 30 small independent oil companies, backed by the strong support of the West German Government, has a deal with Petrotrin, the Saudi state oil company, for 100,000 barrels a day (about 2.2m tonnes a year) over the next three years.

The first oil is due to be lifted in April and will be bought at official prices of the Organisation of Petroleum Exporting Countries.

Veba, West Germany's biggest industrial group, in which the state has a 44 per cent interest, said yesterday it had won an additional contract to lift 3.3m tonnes of crude a year. It already has a contract for 1m tonnes a year (20,000 b/d). Liftings began earlier this month.

About three-quarters of Arabia's crude is to be processed by Deutsche BP, the West German affiliate of British Petroleum, and the balance by Shell.

BP has been scouring the world for oil sources since the loss of a significant part of its supplies from Iran and Nigeria. BP and Shell will also receive

the contracts for shipping the crude.

The processing is in separate agreements between Avia and the two companies. They are in no way similar to the agreement between BP and Saudi Arabia concluded earlier this year under which BP is refining 50,000 b/d of the Kingdom's crude.

Avia is a broadly-based European oil group with more than 6,000 service stations in eight countries. It was formed in Switzerland in the late 1920s to try to give small independents greater strength in the oil market by concentrating their buying power.

Under the deal, however, its Saudi oil must be kept within West Germany.

Groundwork for the deals was laid in secret in early January during a visit by Count Otto Lambsdorff, the West German Economics Minister, to Saudi Arabia. In talks with Ministers, it was made clear that Bonn would appreciate any gesture which helped to guarantee direct crude oil supplies to West Germany.

Saudi Arabia is already its biggest supplier of crude—17 per cent of imports of 107m tonnes last year. But, traditionally, most of these supplies has flowed through the systems of the major international oil companies, which dominate the West German market.

The Government, and the

Economics Ministry in particular, is keen to bolster the independent oil trading companies. Last year they were badly squeezed by the majors, when crude oil and product supplies were tight and Rotterdam spot market prices jumped wildly in panic buying.

In his Saudi talks, Count Lambsdorff supported Avia as much as better-known concerns, such as the giant Veba.

The Avia deal has given the small oil distributors—the supply about 20 per cent of the German market for petrol, diesel and heating oil—independence from the international majors.

Avia has agreed to make surplus product supplies available for sale to other small independent operators. It cannot alone cope with such large volumes.

The deal has also placed Avia in an unusually strong position to negotiate favourable processing deals with the oil majors in West Germany.

Our Foreign Staff writes: The Avia deal has caused some puzzlement in Saudi Arabia. The group has no capacity of its own and the agreement seemed to contradict the new policy of maintaining control of final destination of its crude.

That requirement, however, is believed to have been satisfied by the stipulation that the oil must be kept in West Germany.

## Callaghan may rid Labour of 'militants'

By Elinor Goodman

MR. JAMES CALLAGHAN is likely to use his influence as party leader to try to rid the Labour Party of the Trotskyist Militant Tendency organisation on the grounds that it is breaking the party rules.

His demands may well lead to further discontent on the party's National Executive. In spite of the publication yesterday by Lord Underhill, the party's former national agent, of detailed evidence of the Tendency's activities within the Labour Party, the signs were that most members of the executive felt the best way to deal with the Trotskyists was by political argument rather than expulsion.

As a firm believer in the importance of abiding by the rules, Mr. Callaghan is likely to argue, however, that unless the Tendency changes its way it has no right to be in the Labour Party.

Lord Underhill's report, based on documents published by the Militant Tendency itself between 1973 and 1978, alleges that the group is trying to use the Labour Party to further its own aim of world revolution. To achieve this, it had set up its own organisation and newspaper, with full time staff, and a network of what they call "cadres" and "caucuses."

All members followed the ideas of Trotsky, Lenin and Marx. The aim, the report says, was to get "two or three Trotskyists in every party branch" and a "cadre in every constituency" to form the nucleus of a mass Bolshevik movement.

Lord Underhill claimed yesterday that the Trotskyists had "buried themselves right into the heart of the Labour Party." He thought there were probably only about 2,000 members and estimated that the Militant Tendency had influence in about 60 constituencies.

There was no chance of its taking over the Labour Party, he said, but the National Executive should dissociate itself from the kind of revolutionary policies Militant was advocating.

He did not want a party expelled but the party must do all it could to expose the group.

Labour Party rules forbid any group setting up its own separate organisation or propaganda machine within the party and Lord Underhill's document appears to show that Militant is infringing these rules. But last night Mr. Ted Grant, a leading member of the Militant, insisted that they were not a party within a party. The report, he said, was " rubbish," made up of extracts from Militant's own publications and inventions "probably of the CIA."

Details, Page 11

## THE LEX COLUMN

# The 'corset' and the M3 bulge

Index rose 1.2 to 4332



that is, a bidder prepared to keep the group together.

Philips

As 1979 progressed, the pressure on Philips' margins intensified and trading profits, 6 per cent ahead at the halfway stage, have recorded a 27 per cent decline in the second half. Pre-tax profits for the year have fallen 9 per cent to £11.7m, and on the London market—still open when the first figures registering the bad news came over the wire—the shares dropped 10p to 390p.

The main damage has been inflicted in colour television and components in Europe—particularly in the Netherlands itself—where demand grew more slowly than Philips had projected. Although volume was 6 per cent up in real terms and the company managed to increase its market share, fierce competition, especially from the Japanese, acted as a brake on prices. There was also a sharp shift towards smaller tv sets, which exacerbated the company's stocks problem: the proportion of stocks to sales has moved up 2 percentage points to 31.5 per cent over the year. With a maintained dividend, the yield is 10 per cent.

Barclays Bank

The clearing bank results season, which ended with the Barclays figures yesterday, has done absolutely nothing for share prices, with the bank sector index nestling third from bottom in the 1980 leaders and laggards table, under-performed only by household goods and toys and games. Barclays' 42 per cent pre-tax improvement to £529.4m did little to change the market's sceptical response, though at least it has been a little more positive over the dividend: it promises an effective rise of a fifth this year, after the one-for-five scrip issue, on top of the 31 per cent increase in the gross payment now declared for 1979. Still, Barclays has been yielding less than the others in the recent past, and the yield of 6.5 per cent at 415p is still the lowest on offer from the Big Four. Barclays' historical cost p/e ratio, incidentally, is as modest as 2.7, rising only to just over 5 on a current cost basis.

Of the £155m rise in profits before loan interest for 1979, £137m was contributed by the parent bank. Clearly this performance in domestic banking is exceptional, but it now looks as though favourable conditions will stretch a long way into 1980.

Stone-Platt

Stone-Platt's ghastly figures reflect a compendium of the ills that afflicted British industry last year—the collapse of export margins, sluggish business in declining sectors such as textiles and shipbuilding, and numerous costly strikes. Despite a rise in overseas profits before interest and tax from £6.2m to £8m, the group's 1978 pre-tax profit of £5.5m turned into a £2.9m loss. After a hefty tax charge on the overseas earnings, exchange losses, goodwill write-offs and a £11m provision for closure and reorganisation costs of the Lancashire textile machinery business, £17.5m had to be withdrawn from reserves, and the final dividend has been passed.

The rise in borrowings has been held to £15.6m, which leaves net debt at 61 per cent of equity after a £7m property revaluation. Gearing is set to rise further this year: even with capital spending kept at a minimum, the closures will absorb some cash in 1980, and profits seem likely to be negligible unless sterling falls and interest rates with it.

After yesterday's 6p fall in the shares to 36p, the market capitalisation is a mere £141m, a quarter of net worth. While the management works to shrink the UK business to the size at which it can once again make a reasonable return, the group's problems are likely to deter any acceptable bidder.

## Weather

UK TODAY

MOSTLY cold with snow flurries and some sunny intervals. London, S.E. E. England, E. Anglia, E. Midlands, Channel

Cloudy, mainly dry. Very cold. Max. 4C (37F). Central Southern, S.W. England, W. Midlands, S. Wales

Sunny intervals. Cold. Max. 6C (43F). N.E., N.W., Central Northern

England, N. Wales, Lake District, Isle of Man, Hebrides. Cloudy, occasional snow drying out. Cold. Max. 3C (37F). Edinburgh, Dundee, Glasgow

areas, Central Highlands, Argyll, N.E., N.W. Scotland, N. Ireland. Sunny intervals. Occasional snow. Max. 4C (38F).

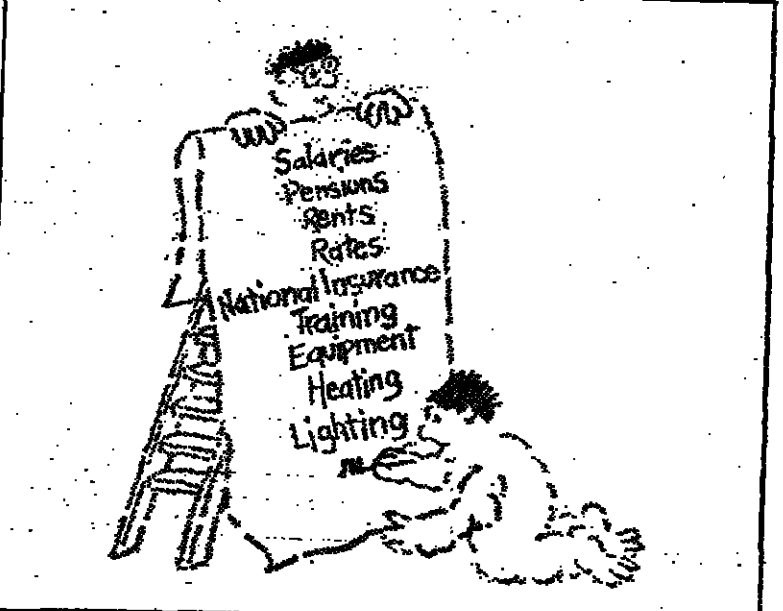
Outlook: Continuing cold and changeable.

WORLDWIDE

		Y'day	Today	Y'day	Today
		°C	°F	°C	°F
Algeria	C 14	51	L. Pims	C 21	70
Algiers	C 14	51	L. Pims	C 21	70
Amsterdam	C 14	51	L. Pims	C 21	70
Athens	C 14	51	L. Pims	C 21	70
Bahrein	C 14	51	L. Pims	C 21	70
Barcelona	C 14	51	L. Pims	C 21	70
Bombay	C 14	51	L. Pims	C 21	70
Buenos Aires	C 14	51	L. Pims	C 21	70
Calcutta	C 14	51	L. Pims	C 21	70
Cairo	C 14	51	L. Pims	C 21	70
Cardiff	C 14	51	L. Pims	C 21	70
Casablanca	C 14	51	L. Pims	C 21	70
Cebu	C 14	51	L. Pims	C 21	70
Colon	C 14	51	L. Pims	C 21	70
Copenhagen	C 14	51	L. Pims	C 21	70
Dublin	C 14	51	L. Pims	C 21	70
Edinburgh	C 14	51	L. Pims	C 21	70
Geneva	C 14	51	L. Pims	C 21	70
Helsinki	C 14	51	L. Pims	C 21	70
Hong Kong	C 14	51	L. Pims	C 21	70
Imbabura	C 14	51	L. Pims	C 21	70
Indonesia	C 14	51	L. Pims	C 21	70
Isle of Man	C 14	51	L. Pims	C 21	70
Jersey	C 14	51	L. Pims	C 21	70
Jo'burg	C 14	51	L. Pims	C 21	70
London	C 14	51	L. Pims	C 21	70
Lyons	C 14	51	L. Pims	C 21	70
Madrid	C 14	51	L. Pims	C 21	70
Manchester	C 14	51	L. Pims	C 21	70
Moscow	C 14	51	L. Pims	C 21	70
Munich	C 14	51	L. Pims	C 21	70
Nairobi	C 14	51	L. Pims	C 21	70
Norwich	C 14	51	L. Pims	C 21	70
Oslo	C 14	51	L. Pims	C 21	70
Paris	C 14	51	L. Pims	C 21	70
Perth	C 14	51	L. Pims	C 21	70
Portsmouth	C 14	51	L. Pims	C 21	70
Rangoon	C 14	51	L. Pims	C 21	70
Reims	C 14	51	L. Pims	C 21	70
Rome	C 14	51	L. Pims	C 21	70
Salt Lake City	C 14	51	L. Pims	C 21	70
San Francisco	C 14	51	L. Pims	C 21	70
Seoul	C 14	51	L. Pims	C 21	70
Shanghai	C 14	51	L. Pims	C 21	70
Singapore	C 14	51	L. Pims	C 21	70
Stockholm	C 14	51	L. Pims	C 21	70
Sydney	C 14	51	L. Pims	C 21	70
Taipei	C 14	51	L. Pims	C 21	70
Tokyo	C 14	51	L. Pims	C 21	70
Toronto	C 14	51	L. Pims	C 21	70
Tunis	C 14	51	L. Pims	C 21	70
Valencia	C 14	51	L. Pims	C 21	70
Vancouver	C 14	51	L. Pims	C 21	70
Warsaw	C 14	51	L. Pims	C 21	70
Wellington	C 14	51	L. Pims	C 21	70
Winnipeg	C 14	51	L. Pims	C 21	70
Zurich	C 14	51	L. Pims	C 21	70

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